



RTA BOARD AGENDA

Wednesday, January 3, 2018 at 8:30 AM
BOARD OF SUPERVISORS' CHAMBERS
COUNTY GOVERNMENT CENTER
1055 Monterey Street, San Luis Obispo, California 93401

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

President: Lynn Compton

Board Members:

John Peschong (First District – SLO County)
Bruce Gibson (Second District – SLO County)
Adam Hill (Third District – SLO County)
Lynn Compton (Fourth District – SLO County)
Debbie Arnold (Fifth District – SLO County)
Tim Brown (Arroyo Grande)

Vice President: (vacant)

Tom O'Malley (Atascadero)
John Shoals (Grover Beach)
John Headding (Morro Bay)
Fred Strong (Paso Robles)
Ed Waage (Pismo Beach)
Dan Rivoire (San Luis Obispo)

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

Joint San Luis Obispo Council of Governments (SLOCOG) and
San Luis Obispo Regional Transit Authority (RTA) Session

FLAG SALUTE

CALL TO ORDER AND ROLL CALL

PUBLIC COMMENT: The Board reserves this portion of the agenda for members of the public to address the joint San Luis Obispo Council of Governments and San Luis Obispo Regional Transit Authority 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. Joint SLOCOG/RTA Meeting Agenda

- a. Welcome New Board Members
- b. Election of Officers: Elect President and Vice-President (Voice vote – Approve)
- c. Executive Committee Assignment (Voice vote – appoint President, Vice-President, and Past President or one other member)
- d. Presentation: Plaque of Appreciation to Outgoing President Lynn Compton

Following the Joint meeting, the SLOCOG Board will adjourn to the RTA Board meeting and reconvene after the RTA Board meeting is adjourned.

RTA Board Meeting

1. CALL MEETING TO ORDER, ROLL CALL

- 2. PUBLIC COMMENT:** The Board reserves this portion of the agenda for members of the public to address the San Luis Obispo Regional Transit Authority 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 Executive Director's Report (Receive)
- A-2 Certificate of Recognition: 10 Years of Service – Omar McPherson
- A-3 Presentation of Customer Perception Survey Results (Receive)
- A-4 RTA Strategic Business Plan Revision (Receive)

B. ACTION AGENDA

- B-1 Consider Fiscal Year 2017-18 Operating and Capital Budget Amendment #2 (Action)
- B-2 Annual Fiscal & Compliance Audit for Fiscal Year 2016-17 (Accept)
- B-3 Consider Capital Project Amendments to Complete Gov't Ctr. Improvements (Action)

- 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 RTA 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 RTA Board members, without the removal of the item from the Consent Agenda. Staff recommendations for each item are noted following the item.

- C-1 Executive Committee Meeting Minutes of October 11, 2017 (Information)
- C-2 RTA Board Meeting Minutes of November 1, 2017 (Approve)
- C-3 Resolution Authorizing Executive Director to Execution of FTA Annual Certifications and Assurances (Approve)
- C-4 Resolution Authorizing Executive Director to Submit Application for FTA Section 5307, 5339 and CMAQ Funds (Approve)
- C-5 Resolution Authorizing Executive Director to Submit Application for Rural Transit Funds (Approve)
- C-6 Local Government Agency Fleet Card Program (Approve)

Adjourn RTA Board Open Session meeting, and reconvene as the SLOCOG Board in Open Session

SLOCOG Board Meeting

The SLOCOG meeting agenda is provided under separate cover. Following adjournment of the SLOCOG Board meeting, the RTA Board will reconvene in Closed Session

RTA Board Closed Session

D. CLOSED SESSION ITEMS –

D-1 It is the intention of the Board to meet in closed session concerning the following item:

Executive Director Performance Evaluation (Govt. Code Section 54957)

E. BOARD MEMBER COMMENTS

Next regularly-scheduled RTA Board meeting on March 7, 2018

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

January 3, 2018

STAFF REPORT

AGENDA ITEM: A-1

TOPIC: Executive Director's Report

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Accept as Information

BACKGROUND/DISCUSSION:

Mitigations Monitoring for Paso Bus Parking Yard Project:

The construction project officially broke ground on November 6, 2017 and the majority of the underground and surface work will be completed by the end of December. The Mitigated Negative Declaration determination report adopted on September 14, 2016 requires mitigations monitoring updates to the RTA Board throughout the construction phase, and annually thereafter (for operations-related mitigations) for five years. Staff from the Wallace Group is assisting RTA with on-going mitigations monitoring. As summarized in the table at the end of this report, the contractor has adhered to or is adhering to all construction-related mitigations.

Operations:

Staff mistakenly eliminated Route 14 service to the main Cuesta College campus on Tuesday December 19th and the morning of Wednesday December 20th – which is during Finals Week. We mistakenly believed classes were over, and ceased Route 14 service. When management became aware of this oversight, we restored service on Wednesday afternoon, sent an apology letter to campus leaders and committed the agency to communicate better with campus officials about these vital service decisions.

Staff published an RFP for design/build services to complete the Government Center passenger facility improvements. Unfortunately, no proposals were submitted by the December 18th deadline. Staff is conducting follow-up interview with firms that expressed interest, and an initial finding is that the budget might be too small for general contractors that provide both design and engineering services, while the project is too complicated for smaller construction-only general contractors. I will provide additional details during my oral update.

We are currently recruiting for our next Bus Operator training class, which will begin on January 22nd. We currently have three full-time and six part-time openings at the RTA

and two part-time openings at SoCo Transit. The training class will be completed in the first week of March.

The RTA and SCT will conduct a combined Employee of the Quarter and Launch Party on January 19th, and all Board members are welcome to join us. Please contact me to RSVP.

Service Planning & Marketing:

Staff conducted outreach to alert riders of the new RTA and Runabout fares that went into effect on December 31. Notices were posted in all buses, at all major bus stops, and on our website; letters were also mailed to all Runabout riders that have ridden within the past six months. I will provide an oral update at the Board meeting of any challenges encountered and lessons learned.

Staff analyzed responses to Customer Perception Surveys conducted in October on all services either directly operated or managed by the RTA. In total, 951 fixed route passenger surveys and 25 Runabout were collected, and 111 employee surveys were submitted. The results from the rider and employee surveys will be presented under Agenda Item A-4.

Finance and Administration:

Staff is working with SLOCOG officials to submit Federal funding plans for incorporation into the region's Transportation Improvement Program. As initially reported in November 2016, it is clear that insufficient funding will be available to meet our long-term capital needs without a significant increase in funding – despite the recent allocation of new Senate Bill 1 funds. If repeal of SB1 funding gains momentum and it is ultimately repealed, the RTA and other transit programs in the county will need to rely upon greater proportions of TDA funds as well as possible financing of critical bus replacement and facility construction needs. Staff will continue working on this issue with our partner transit agencies and SLOCOG, and provide updates to the Board at future meetings.

The California Air Resources Board formally published the draft *Innovative Clean Transit* regulation in late December, a new proposal that would compel the purchase of zero-emission buses. Because we operate fewer than 100 buses, the RTA would not be subject to the initial 2020 mandate that 25% of new bus procurements would be zero-emission. However, the next phase in 2022 would require 50% of new bus procurements at transit agencies with more than 30 buses be zero emission, followed by the third phase in 2026 requiring 75% of all new bus purchases must be zero-emission, and the 2029 requirement at 100% of all new bus purchases. This aggressive plan would have a profound impact on the RTA, 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.

Staff has finalized the maintenance facility design and engineering request for proposal document, and is currently finalizing the grant documents. We expect to begin advertising the procurement in early March.

Detailed financial and operating results through November 30th – the first five months of the fiscal year – are provided in the ensuing pages. Below are some summary takeaways:

- In terms of overall non-capital expenses, we are slightly below budget – 39.6% through 41.7% of the fiscal year. Notable large-tickets variances include fuel (22.5% below budget) and total vehicle maintenance (11.1% below budget).
- RTA core fixed-route ridership declined by 6.1% in comparison to last year. Specifically, we boarded 313,530 passengers through the end of November 2017 and 333,854 last year. Ridership is down on Routes 10, 12, and 14 in comparison to the same five months in 2016, although current year ridership is up on Routes 9 and 15.
- Staff recently discovered an error in how boardings were calculated and reported for Route 14 in FY16-17, and we might need to revise the year-end report that was presented at the September Board meeting. We are currently working with our Automatic Passenger Counting system vendor, and will provide an update at the March 2018 meeting.
- Runabout ridership totaled 17,075, which is 10.4% lower than the total from the first four months of the previous year (19,060). Staff has done a good job stemming the unsustainable increases in Runabout ridership experienced over the past several years.

Bus Parking Yard in Paso Robles Mitigations Monitoring Report

3-Jan-18

#	Summary Description	Status
1	Mitigation Measure AES-1 – Exterior Lighting Controls and Site Screening. An exterior lighting plan will be developed, which will include the height, location, and intensity of all exterior lighting. All light poles, fixtures, and hoods shall be dark (non-reflective) colored. Lighting shall be designed to eliminate any off site glare. All exterior site lights shall utilize full cut-off, “hooded” lighting fixtures to prevent offsite light spillage and glare. In addition, the Project will implement a landscape buffer and other design features to screen the new modular office building, parked buses and parked employee automobiles from view by motorists traveling along the US101 corridor.	Design complete; on-going monitoring during construction.
2	Mitigation Measure AQ-1 – Construction Equipment Emission Control Measures. As identified in the APCD CEQA Air Quality Handbook, construction mitigation measures are designed to reduce emissions (ROG, NOx, DPM, PM10 and GHG) from heavy-duty construction equipment and may include emulsified fuels, catalyst and filtration technologies, engine replacement, and new alternative fueled trucks.	On-going monitoring during construction.
3	Mitigation Measure AQ-2 – Construction-Related Dust Control Measures. Since the proposed Project site is within 1,000 feet of a sensitive receptor, dust generated by construction activities shall be kept to a minimum.	A water truck is on-site during working hours and maintains the access road to ensure dust is kept to a minimum.
4	Mitigation Measure (same for all three): BIO-1, GEO-1 & HWQ-1 – Construction Storm Water Plan and SWPPP. Prior to construction, RTA shall – in close consultation with San Luis Obispo County officials – prepare an operations-based Stormwater Pollution Prevention Plan (SWPPP) acceptable to the City of Paso Robles; this SWPPP will focus on the operations of RTA independent of County Corp Yard activities. RTA shall also develop in detail a Construction Storm Water Plan in conjunction with the Project’s final design and grading plan for implementation during construction activities. Specific details are provided in the City of Paso Robles Construction Site Storm Water Quality Requirements.	SWPPP permitted; Weekly storm water plan is being fully implemented and monitored weekly.
5	Mitigation Measure: BIO-2 – Construction-Related Erosion Control BMPs. Prior to and during construction, the contractor shall implement erosion control best management practices. To reduce the potential for inadvertent release of sediment from construction area to adjacent stream, drainage, wetland, or other sensitive resource areas, the contractor shall install appropriate erosion control devices around the perimeter of areas that require disturbance of the ground surface. Storm drains and gutters leading to drainage and wetland areas shall be blocked to prevent water entry. Erosion control devices shall be checked on a daily basis to ensure proper function.	All BMP's are in place and monitored daily and reported weekly during the SWPPP inspections.
6	Mitigation Measure: BIO-3 – Construction Outside Nesting Season. If feasible, construction activities will take place outside of the nesting bird season (i.e., March 15 to August 15). If construction activities occur within nesting bird season, a qualified biologist shall perform pre-activity nesting bird surveys to determine if breeding/nesting birds are present within the proposed Project site. If an active bird nest is identified, then CDFG and/or USWFS shall be consulted to determine appropriate buffer during construction activities.	Ground-disturbing activities will be completed by mid-January.
7	Mitigation Measure: BIO-4 – Qualified Biologist Preconstruction Survey. A qualified biologist shall be retained to conduct a preconstruction survey of the proposed Project site and the adjacent habitats. In the event that any special-status species are identified within the proposed Project area, all work shall cease and the appropriate agencies shall be contacted for further consultation.	Survey completed by Wallace Group's subcontractor.

8	Mitigation Measure BIO-5 – Construction Worker Education Program. A construction worker education program shall be prepared and presented to all construction personnel at the beginning of the proposed Project. The program shall discuss sensitive species with potential to occur in the construction zone, with emphasis on special-status wildlife and plant species. The program shall explain the importance of minimizing disturbance and adhering to other disturbance minimizing measures.	Education program completed by Wallace Group's subcontractor.
9	Mitigation Measure: BIO-6 – Defining Project Site Limits. The use of heavy equipment and vehicles shall be limited to the proposed Project limits, existing roadways, and defined staging areas/access points. The boundaries of each work area shall be clearly defined and marked with visible flagging and/or orange protective fencing.	Completed.
10	Mitigation Measure: BIO-7 – Operations-Related Erosion Control Measures. Erosion control measures shall be implemented to prevent runoff to the Salinas River corridor and associated tributaries. Silt fencing, in conjunction with other methods, shall be used to prevent erosion and avoid and/or minimize silts and sediments from entering adjacent waterways.	Will monitor once site is occupied.
11	Mitigation Measure: BIO-8 – Protection of Salinas River. During construction, washing of concrete, paint, or equipment and refueling and maintenance of equipment shall occur only in designated areas a minimum of 50 feet from the Salinas River. Straw bales, sandbags, and sorbent pads shall be available to prevent water and/or spilled fuel from entering the stream channel. In addition, all equipment and materials shall be stored/stockpiled away from the swale. Construction equipment shall be inspected by the operator on a daily basis to ensure that equipment is in good working order and no fuel or lubricant leaks are present.	On-going monitoring during construction.
12	Mitigation Measure: BIO-9 – Oak Tree Protection. Oak tree protection and replacement procedures shall be implemented during the Project. This includes procedures for protecting oak trees to remain in place during construction, and replacing oak trees that are impacted. Oak tree protections must comply with the City of Paso Robles Tree Ordinance No. 835 N.S.	Protection in place; on-going monitoring during construction.
13	Mitigation Measure: BIO-10 – Exterior Lighting Controls. To minimize the effects of future exterior lighting on special status wildlife species, all outdoor lighting fixtures shall be positioned and/or shielded to avoid direct lighting to adjacent streams and surrounding habitat areas.	Design complete; on-going monitoring during construction.
14	Mitigation Measure: CUL-1 – Discovery of Human Remains. If human remains are uncovered during ground disturbing activities, RTA and its contractor(s) will immediately halt potentially damaging excavation in the area of the burial and will notify the SLO County Coroner and a professional archaeologist to determine the nature of the remains.	On-going monitoring during construction.
15	Mitigation Measure: CUL-2 – Discovery of Prehistoric/Historic Deposits. If prehistoric or historic deposits or features are discovered during ground disturbing activities, activities in the area should cease and a qualified archaeologist shall inspect the discovery and prepare a recommendation for a further course of action.	On-going monitoring during construction.
16	Mitigation Measure: NOI-1 – Construction-Related Noise Control. RTA shall ensure that the construction contractor employs noise reducing measures during construction activities.	On-going monitoring during construction.
17	Mitigation Measure TRA-1 – Traffic Crossing Warning Sign. A Traffic Crossing Ahead warning sign will be installed on Paso Robles Street upstream from the entrance to the Project site.	Design complete; on-going monitoring during construction.

	Adopted Budget FY 2017-18	October Actual	November Budget	November Actual	November Variance	Year to Date FY 2017-18	Percent of Total Budget FY 2017-18
Administration:							
Labor							
Labor - Administration Workers Comp	77,750	6,135	6,479	5,775	704	29,455	37.9%
Office Space Rental	1,722,730	140,674	143,561	128,828	14,733	667,716	38.8%
Property Insurance	855,390	70,021	71,283	90,678	(19,396)	359,537	42.0%
Professional Technical Services	70,930	16,658	-	-	-	33,316	47.0%
Professional Development	477,880	51,489	39,823	36,041	3,782	198,654	41.6%
Operating Expense	17,240	-	-	-	-	17,200	99.8%
Marketing and Reproduction	99,990	11,884	8,333	-	8,333	32,288	32.3%
North County Management Contract	37,670	4,329	3,139	3,385	(245)	12,954	34.4%
County Management Contract	270,460	28,734	22,538	27,364	(4,826)	114,701	42.4%
SCT Management Contract	90,720	12,712	7,560	14,086	(6,526)	51,701	57.0%
	(41,850)	(3,488)	(3,488)	(3,488)	-	(17,438)	41.7%
	(85,230)	(7,103)	(7,103)	(7,103)	-	(35,513)	41.7%
	(119,270)	(9,939)	(9,939)	(9,939)	-	(49,696)	41.7%
Total Administration	1,673,930	175,297	132,147	151,025	(18,879)	717,705	42.9%
Service Delivery:							
Labor - Operations							
Labor - Operations Workers Comp	4,157,720	315,132	346,477	447,778	(101,302)	1,661,194	40.0%
Labor - Maintenance	979,910	112,707	-	-	-	225,413	47.0%
Labor - Maintenance Workers Comp	971,020	74,597	80,918	110,249	(29,331)	400,183	41.2%
Fuel	140,450	32,985	-	-	-	65,969	47.0%
Insurance	1,160,530	79,566	96,711	76,031	20,679	374,884	32.3%
Special Transportation (for SLOCAT and Paso)	615,000	52,305	51,250	52,305	(1,055)	260,375	42.3%
Avita Trolley	43,900	3,489	3,658	3,396	262	19,400	44.2%
Maintenance (parts, supplies, materials)	69,900	1,267	-	-	-	29,812	42.6%
Maintenance Contract Costs	636,610	49,663	53,051	50,983	2,068	223,526	35.1%
	92,100	24,669	7,675	(1,515)	9,190	46,369	50.3%
Total Operations	8,367,140	746,380	639,740	739,228	(99,488)	3,307,124	39.3%
Capital/Studies:							
Computer System Maintenance/Upgrades	52,220	-	-	-	-	665	1.3%
Miscellaneous Capital	32,540	-	-	-	-	-	0.0%
Facility Improvements	42,010	-	-	-	-	-	0.0%
Maintenance Equipment	33,500	-	-	-	-	-	0.0%
Specialized Maintenance Tools	6,600	1,158	-	-	-	1,158	17.6%
Desks and Office Equipment	163,510	2,944	1,000	816	184	76,492	46.8%
Vehicle ITS/Camera System	295,100	-	-	-	-	-	0.0%
Bus Stop Improvements/Bus Stop Solar Lighting	126,000	-	-	-	-	-	0.0%
Bus Rehabilitation	751,480	4,102	1,000	816	184	78,315	10.4%
Total Capital Outlay	120,490	-	10,041	-	10,041	-	0.0%
Contingency	30,490	2,044	2,541	1,498	1,043	9,610	31.5%
Interest Expense	200,600	100,298	-	-	-	100,298	50.0%
Loan Paydown	1,525,370	23,738	3,000	2,613	388	34,698	2.3%
Elks Lane Project	859,830	8,645	-	-	-	20,757	2.4%
Paso Property Improvements	246,350	20,529	20,529	20,529	-	102,646	41.7%
Management Contracts	13,775,680	1,081,034	808,998	915,709	(106,711)	4,371,154	31.7%
TOTAL FUNDING USES	10,438,400	944,251	804,998	912,280	(107,283)	4,137,085	39.6%
TOTAL NON-CAPITAL EXPENDITURES							

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
YEAR TO DATE THRU NOVEMBER 30, 2017
CURRENT FISCAL YEAR - 2017/2018**

	RT 9 P.R., TEMP., ATAS., S.M., CAL POLY, S.L.O.	RT 10 S.M., NIPOMO, A.G., S.L.O.	RT 12 MORRO BAY, CUESTA, SAN LUIS	RT 14 CUESTA, SAN LUIS TRIPPER	RT 15 SAN SIM., CAMBRIA, CAYUCOS, M.B.	TOTAL RTA CORE SERVICES	RT 7 PASO EXPRESS ROUTE A	RT 8 PASO EXPRESS ROUTE B	TOTAL PASO EXPRESS FIXED ROUTE	PASO EXPRESS DIAL A RIDE	RUNABOUT	SYSTEM TOTAL
REVENUES:												
FARES	\$ 170,402	\$ 169,240	\$ 114,867	\$ 8,008	\$ 14,272	\$ 476,789	\$ 29,019	\$ 31,000	\$ 60,019	\$ 2,774	\$ 55,520	\$ 595,101
TOTAL ROUTE REVENUES	\$ 170,402	\$ 169,240	\$ 114,867	\$ 8,008	\$ 14,272	\$ 476,789	\$ 29,019	\$ 31,000	\$ 60,019	\$ 2,774	\$ 55,520	\$ 595,101
EXPENDITURES:												
ADMINISTRATION	\$ 153,762	\$ 126,515	\$ 84,676	\$ 8,180	\$ 32,522	\$ 405,655	\$ 7,118	\$ 6,956	\$ 14,073	\$ 3,337	\$ 310,044	\$ 733,109
MARKETING	19,556	10,698	1,237	1,237	4,094	51,578	62	62	123	-	-	51,701
OPERATIONS/CONTINGENCY	485,820	409,378	266,906	25,606	106,500	1,294,210	118,067	116,068	234,135	53,558	892,564	2,474,467
FUEL	97,159	94,088	52,724	5,200	25,701	274,870	11,363	11,467	22,830	1,859	67,079	366,638
INSURANCE	57,379	55,574	31,147	3,006	45	147,151	6,817	6,884	13,701	1,979	73,972	236,804
TOTAL EXPENDITURES	\$ 813,676	\$ 701,550	\$ 446,150	\$ 43,229	\$ 184,010	\$ 2,173,465	\$ 143,426	\$ 141,437	\$ 284,862	\$ 60,733	\$ 1,343,659	\$ 3,862,720
FAREBOX RATIO	20.9%	24.1%	25.7%	18.5%	7.8%	21.9%	20.2%	21.9%	21.1%	4.6%	4.1%	15.4%
SERVICE MILES	152,205.1	147,416.4	82,610.2	7,909.9	40,286.9	430,428.5	17,781.5	18,115.2	35,896.7	5,232.0	196,159.0	667,716.2
SERVICE HOURS	5,647.6	4,647.4	3,111.4	294.6	1,194.6	14,895.6	1,295.7	1,283.7	2,579.4	599.9	11,380.1	29,455.0
RIDERSHIP (Automatic Counters)	116,290	100,612	77,638	9,383	9,607	313,530	23,759	23,954	47,713	1,275	17,075	379,593
RIDERS PER MILE	0.76	0.68	0.96	1.19	0.26	0.73	1.34	1.32	1.33	0.24	0.09	0.57
RIDERS PER HOUR	20.4	21.5	25.4	31.8	8.9	21.0	18.3	18.7	18.5	2.1	1.5	12.9
COST PER PASSENGER	\$ 7.00	\$ 6.97	\$ 5.75	\$ 4.61	\$ 19.15	\$ 6.93	\$ 6.04	\$ 5.90	\$ 5.97	\$ 47.63	\$ 78.69	\$ 10.18
SUBSIDY PER PASSENGER	\$ 5.53	\$ 5.29	\$ 4.27	\$ 3.75	\$ 17.67	\$ 5.41	\$ 4.82	\$ 4.61	\$ 4.71	\$ 45.46	\$ 75.44	\$ 8.61
RIDERSHIP (GFI Fareboxes)	99,797	82,287	62,951	5,176	6,673	256,884	21,997	22,874	44,871	1,275	17,075	320,105
RIDERS PER MILE	0.66	0.56	0.76	0.65	0.17	0.60	1.24	1.26	1.25	0.24	0.09	0.48
RIDERS PER HOUR	17.7	17.7	20.2	17.6	5.6	17.2	17.0	17.8	17.4	2.1	1.5	10.9
COST PER PASSENGER	\$ 8.15	\$ 8.53	\$ 7.09	\$ 8.35	\$ 27.58	\$ 8.46	\$ 6.52	\$ 6.18	\$ 6.35	\$ 47.63	\$ 78.69	\$ 12.07
SUBSIDY PER PASSENGER	\$ 6.45	\$ 6.47	\$ 5.26	\$ 6.80	\$ 25.44	\$ 6.60	\$ 5.20	\$ 4.83	\$ 5.01	\$ 45.46	\$ 75.44	\$ 10.21

CERTIFICATE OF RECOGNITION

IS PRESENTED ON THIS 3RD DAY OF JANUARY 2018 BY
THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
IN RECOGNITION OF

TEN YEARS

OF DEDICATED AND CONSCIENTIOUS SERVICE

OMAR MCPHERSON

LYNN COMPTON, BOARD PRESIDENT

GEOFF STRAW, EXECUTIVE DIRECTOR



SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
January 3, 2018
STAFF REPORT

AGENDA ITEM: A-3

TOPIC: Customer Perception Survey Report

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Accept as Information

BACKGROUND/DISCUSSION:

RTA has wrapped up its second internally-managed comprehensive RTA Customer Perception Survey, which was conducted in the month of October. This effort included:

1. A Rider Survey for RTA, Paso Express, and South County Transit customers. This report will only include responses for the RTA and Paso Express; the results for SoCo Transit riders will be reported to the SoCo Transit Board on January 17th.
2. A Rider Survey for Runabout passengers.
3. An employee survey, which includes responses from both the RTA and SoCo Transit workforces, since some employees work at both agencies.

Staff used the findings from this survey effort, as well as the results from a similar on-bus survey conducted as part of the 2016 Short Range Transit Plan, to assist us in updating the RTA 2015-17 Strategic Business Plan that will be considered under Agenda Item A-5.

This is the second in-house survey that RTA has completed, although the number of fixed-route rider responses for this survey effort (951) was far greater than that achieved in our first rider survey completed in 2013 (302). The primary purposes of the 2017 RTA Customer Perception survey effort are as follows:

1. To collect relevant information (such as travel patterns) that can then be compared to survey results from previous perception surveys,
2. To address the qualitative objectives in the RTA 2015-17 Strategic Business Plan, and
3. To address possible changes to benchmarks that are used for measurable performance standards in RTA's Strategic Business Plan update.

Staff has posted a comprehensive Survey Results report on our website under the “About / Agency Reports” section. That comprehensive Survey Results report includes the three survey instruments (Spanish versions available upon request), as well as tabular summaries of all responses. Finally, the comprehensive report includes a listing of all the write-in responses to qualitative questions.

A number of conclusions can be drawn from the results, and the following summary of key findings are provided below:

RTA and Paso Express Fixed-Route Rider Survey

1. Consistent Results in 2013 and 2017:

- a) Roughly three-fourths of riders use RTA and Paso Express fixed-route services for round-trips.
- b) Almost two-thirds of respondents have been riding for greater than one year.
- c) The splits among the number of days respondents use our services has remained essentially unchanged since 2013, with more than one-third using our services daily.

2. Major Differences between the 2013 and 2017 Results

- a) The proportion of male riders is declining – 58.6% in 2013 vs. 54.1% in 2017. We hope that the camera systems implemented on the buses and focus on lighting at bus stops is improving riders’ sense of personal security, which might be attracting more female riders.
- b) The proportion of our youngest (age 17 and younger, at 13.9% in 2017 vs. 8.7% in 2013) and our oldest (age 65 and older, at 7.8% in 2017 vs. 7.4% in 2013) customers is increasing the fastest. Conversely, the proportion of those aged 18 to 64 is declining – especially those aged 18 to 25 (34.6% in 2013 vs. 31.1% in 2017).
- c) While the proportion of those respondents who stated that they would drive themselves in the absence of our services remained consistent, the proportion who stated they would not make the trip increased from 26.5% in 2013 to 31.9% in 2017. More interesting is that the proportion who would ask a friend/family member to provide the trip increased from 22.4% in 2013 to 38.1% in 2017. This suggests that the improving economy might have resulted in more residents in the County having access to a private automobile but not personally for those persons who use our transit services.

- d) How 2017 respondents get to and from bus stops has changed since 2013: a greater proportion walk – a roughly two-thirds in 2017 vs. less than 60% in 2013. This suggests that it is important for us to work with our jurisdiction public works department partners to ensure good pedestrian access is provided adjacent to bus stops throughout the region. Another interesting finding is that fewer respondents use bicycles (13% in 2013 vs. 8% in 2017) to get to and from bus stops.
- e) A greater proportion of riders now either use a Day Pass (12.2% in 2017 vs. 8.0% in 2013) or Cash (44.6%, up from 42.3% in 2013), while the proportion using a 31-Day Pass has declined from 44.0% in 2013 to 41.2% in 2017. The increasing use of on-bus transactions can lead to declining on-time performance, so it is imperative that the convenience of pass sales outlets – including Ticket Vending Machines at major passenger facilities – be well supported and possibly expanded.

Runabout Rider Survey – based on past experience, it is often difficult to obtain surveys from ADA paratransit riders. Some Runabout riders are unable to complete a survey due to the extent of his or his disability; we were only able to obtain 25 completed surveys despite the Bus Operators offering each rider the opportunity to fill-out a survey during this latest effort. On a typical weekday, Runabout serves between 60 and 70 persons. Because relatively few surveys were collected, staff did not compare the results below with the 2013 results. Below are some important takeaways from the 2017 surveys:

1. A large majority of Runabout riders were traveling roundtrip (84%), which is greater than that reported by fixed-route riders (75%).
2. More than half (59%) of riders reported that they would not make the trip in the absence of Runabout. This ties into the roundtrip answer above, since most Runabout riders have no other travel option. Only three (14%) respondents indicated they would use a taxicab or Uber.
3. The top three Runabout trip purposes are Medical (29%), Work (25%) and Other (25%). In contrast to the fixed-route results above, no School trips were reported on Runabout (the second-highest on fixed-route), and very few Personal Business, Recreation/Social or Shopping trips were reported.
4. The vast majority (80%) of trip fares were paid using a Punch Pass. Punch passes are sold on the buses and through social service agencies. None are currently sold through the mail, nor is a credit card option offered on the bus.
5. Almost three-quarters of riders have been riding Runabout for more than one year. This is greater than on fixed-route (only 66%).

6. Relatively few riders use Runabout daily (13%), which is in stark contrast to fixed-route (37%). This is intuitive since relatively few riders use Runabout for work or school purposes in comparison to fixed-route riders.
7. All of Runabout respondents are age 26 or older, with the majority over 65 years (64%) and the same proportion female (64%). The age-Runabout link is intuitive, since with age often comes reduced mobility that might require service like Runabout.
8. Most Runabout riders use a mobility assistance device (68%), with use of a wheelchair most prevalent (47%), followed by a walker (35%) and a scooter (18%).
9. Runabout riders ranked the service differently than fixed-route riders, especially in regards to cleanliness, safety and convenience of pass purchases. It is important to note that riders rated the cost to ride Runabout lowest, despite the fact that Runabout is by far the most expensive public transportation service to operate in the County. This suggests that it might be important to again share with Runabout registrants the actual costs of operating the service through an information campaign.
10. When Runabout riders rated the importance of service attributes, the cost to ride was ranked the lowest, which is at odds with the ratings presented above. Conversely, the daily span of service was the ranked most important, followed by on-time performance.
11. Only 13% of Runabout riders use any fixed-route services, and not one respondent who currently does not ride asked to be trained in how to ride fixed-route fare-free.
12. Most Runabout riders who have used the 2012 and newer Runabout minivans expressed positive reactions, although two respondents stated it is difficult to maneuver a wheelchair/scooter in the relatively smaller space.

Employee Survey Results – the employee survey results represent the combined RTA and SoCo Transit workforces. The proportion of survey respondents among the various position titles is representative of this combined workforce.

1. A total of 31% of employees use our services as a passenger, typically less than once a month and likely for commuting or recreational purposes. This does not include the requirement that each administrative employee ride the buses at least once a quarter so that we stay attuned to issues facing our employees and riders. It should be noted that the Union contracts for both agencies include the ability for family members to also use RTA and SoCo Transit fixed-route services, so some of the responses could take into account the experience of employees' family members.

2. We are pleased that courtesy and safety continues to rank as the highest focal areas of the employees. However, appearance issues (bus cleanliness, bus stop appearance and bus exterior appearance) rank the lowest and is in stark contrast to riders' overall perceptions. It should be noted that we experienced staff shortages in the Utility department in September and October, so that recent experience may have affected the relatively low scores submitted by employees.
3. The top two reasons employees use bus services (Low Cost and No Car Available) are also the top two for riders, albeit in reverse order. The remaining reasons are otherwise starkly different between the employees' and riders' responses.
4. The fact that the rankings order of the Most Important Attributes are the exact same between our riders and our employees' understanding of the needs of our riders attests to the close relationship we have fostered with our riders.

As mentioned above, the comprehensive Survey Results report on our website includes a listing of all qualitative responses provided for each survey type. Common themes include requests for more frequent service, later evening service, and expanded service on weekends. Other requests include Wi-Fi on the buses, better links with SoCo Transit and SLO Transit routes, better service at Cuesta College, and ways to address behavior issues at bus stops and on the buses. Riders also provided mostly flattering comments about our Bus Operators, as well as (in rare cases) not-so-flattering comments about our employees or services.

The RTA department heads will cull through all the comments to address any issues that require additional attention and/or that can provide us with new ideas to explore. Staff will also cross-tabulate some of the data to best determine how particular issues can be best addressed for operations, marketing, maintenance or other purposes. For example, Phil Moores in Operations can cross-tab low on-time performance rating by route to see if riders on one route are more sensitive to delays than those on other routes. Mary in Marketing can work with our partners at SLO Transit to cross-tab which RTA fixed-routes have strong transferring with SLO Transit routes to see if departure times should be considered for realignment. And Phil and Mary can cross-tab a number of data points to determine how to address the many suggestions received on improving Cuesta College service.

Staff Recommendation

Accept the draft revised Customer Perception Survey Report as an information item.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

January 3, 2018

STAFF REPORT

AGENDA ITEM: A-4

TOPIC: Draft - Revised Strategic Business Plan

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Receive

BACKGROUND/DISCUSSION:

The Board adopted the RTA 2015-2017 Strategic Business Plan in July 2014. This guiding document was developed following adoption of the 2010 Short Range Transit Plan (SRTP), building upon the goals and objectives developed in the SRTP. For measurement purposes, the SRTP sets the base of what the RTA believes it can achieve and the Strategic Business Plan sets the goal of what RTA strives to achieve. To ensure that the Strategic Business Plan remains a living document, staff reviewed the recent SRTP (adopted July 2016) and the TDA Triennial Performance Audit, and incorporated changes into the draft document provided today to help us remain focused.

The attached draft Strategic Business Plan is being presented for comment, with the hope that it can be considered for adoption at the March 2018 meeting. I encourage each Board member to share the draft with your respective jurisdiction and provide comments to me so that we can assure the RTA is in alignment with adopted goals throughout the county. If approved by the Board in March 2018, staff will use the goals and objectives to move the organization forward, and results will be provided at RTA Board Meetings.

Staff recommendation: Receive the Draft 2018-2020 Strategic Business Plan and provide feedback for Board consideration for adoption in March 2018.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

2018-2020 STRATEGIC BUSINESS PLAN

Executive Summary

This RTA 2018-20 Strategic Business Plan is an update to the previous Plans adopted by the RTA Board of Directors in October 2008, October 2011 and July 2014. This updated three-year Plan incorporates both new and revised standards. It is anticipated that this Plan will be reviewed and revised again (as necessary) in mid-2020 to reflect changing conditions.

Background

In October 2008, the RTA Board, RTA staff, SLOCOG staff and members of the public met in a daylong workshop to craft the elements of the first RTA Strategic Business Plan. The enduring major components of the Plan are the RTA Vision Statement, Mission Statement, Vision Elements, and Strategic Direction. Staff uses the measurable Standard of Excellence in the Plan 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 RTA of the future is an integral part of the “SLO lifestyle.” From the vineyards in North County, to the secluded beach towns on the North Coast, to the multi-faceted communities in the South County, residents and visitors will use public transportation rather than relying solely on their cars.

Mission Statement

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

Vision Elements

- Continue successful partnerships with cities and the county, other public agencies, businesses and schools.
- Provide excellent, reliable, sustainable and seamless service that is effective in getting residents and visitors where they want to travel.
- Secure reliable funding.
- Sustain and continue to improve the 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, and 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 Vehicle Miles Traveled in private automobiles.
- Embrace technological improvements that will positively impact efficiency and quality of service.

Long-Term Goals

1. Provide market-driven services that meet the needs of the communities that we serve but that will also attract and retain 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 the various transit systems throughout the county to ensure that customers are provided seamless transit alternatives and services that attract discretionary riders from every community that RTA serves.
4. Promote the value of RTA and public transportation to the quality of life in San Luis Obispo County, 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 with destinations in 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 effective public transportation.

2.4 Provide efficient public transportation.

2.5 Provide comfortable public transportation.

3.1 Achieve a high 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 San Luis Obispo County.

4.3 Implement an annual marketing plan.

4.4 Use public funding efficiently in meeting public transportation needs of communities that RTA serves.

4.5 Educate community and business leaders and the public on the value of RTA services.

Business Conditions and Opportunities

Similar to the experience of most other public transit agencies across the nation, the RTA 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 RTA fixed-route ridership now equals that of FY11-12, while Runabout ridership has thankfully settled to more financially feasible levels after several years of unprecedented annual growth.

California Transportation Development 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, the RTA 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, the RTA’s ability to rely upon large infusions of discretionary capital funds in the future is uncertain at best. This might result in the RTA needing to finance such large-ticket items as a long-term operations/maintenance facility and/or the replacement of buses.

Business Direction for 2018 and Beyond

- Focus on cost effectiveness and living with our resources, and by undertaking efforts to secure sustainable operating and capital revenues.
- Seek and implement innovative opportunities to improve service for our customers within current resources.
- Be a leader among transit systems in developing and implementing environmentally friendly transit service and sustainable business practices.
- Work with South County Transit 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.
- Begin the engineering and design phase for a long-term operations/maintenance facility. Secure grant funding and other financing to construct the facility prior to the end of our lease for our current facility (February 2022).
- Plan and prepare for the future growth of the system and respond to technological, social and other pressures to remain a competitive and highly valued transportation alternative.

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. Implement sub-regional service alternatives recommendations from the 2016 RTA Short Range Transit Plan, the SLOCOG Regional Transportation Plan and other technical studies completed in each sub-region in the County.
2. Continue to analyze data to improve service efficiencies and effectiveness.
3. Complete a biannual Community Perception Survey to address current and potential customer needs.
4. Improve customer communications and information about RTA services.
5. Continue to explore alternative transit modes using emerging technologies to address underperforming and rural needs.

6. Achieve RTA Key Performance Indicators (KPIs) to improve existing service (On Time Performance, Customer Comments, Service Interruptions, Vehicle Collision Rate, etc.).
7. 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 RTA Board, the Executive Director with input from throughout the organization shall focus resources as necessary to meet the standards as detailed in this document. These efforts will be communicated 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 RTA Board of Directors.

Goal 3: Innovation – Implement 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 RTA's 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: The Productivity (passengers per vehicle service hour) standards are presented below for regularly-scheduled / year-round services:

- A. Regional intercity fixed-route (RTA Routes 9, 10, 12 & 14) services shall be 22 or greater.
- B. Local fixed-route (Paso Express Routes A & B, and SoCo Transit Routes 21, 24, 27 & 28) shall be 17 or greater.
- C. Runabout and other demand response services will be 2.0 or greater.
- D. Route deviation services (such as RTA Route 15) will be 8.0 or greater.

Any recommended changes to seasonal or lifeline services (i.e., Shandon Dial-A-Ride) will include target productivity standards that must be met in order to qualify for continued funding.

Measurement: Objective.

- Reviewed monthly by Operations, and reported by Executive Director 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 Executive Director bi-annually to the Board.

Standard 3: The following On-Time Performance standards shall apply to regularly-scheduled / year-round services:

- A. Regional intercity fixed-route and Express runs shall be 85% or greater.
- B. Local fixed-route shall be 90% or greater.
- C. Route deviation services shall be 70% or greater.

Measurement: Objective.

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

Standard 4: The On-Time Performance for Runabout and other demand response services shall be 95% or greater.

Measurement: Objective.

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

Standard 5: The RTA 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.

- Reported by the Executive Director and Division Heads annually.

Standard 6: The RTA 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 standards are as follows:

- A. The 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.
- B. The standard for Express services is no more than 10% of the monthly total number of bus trips exceeds a Load Factor of 1.00 for greater than 20 minutes.

If the Load Factor standards are 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 Executive Director 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 the RTA.

Standard 1: The annual operating budget will be based upon projected revenue and the total operating cost will not exceed the budget adopted by the Board.

Measurement: Objective.

- Tracked monthly in financial statements and reported bimonthly to the RTA Board.

Standard 2: The Farebox Recovery Ratio for all regularly scheduled / year-round services shall be 20% greater than the minimum standard required by SLOCOG to meet TDA requirements.

Measurement: Objective.

- Tracked monthly and reported bimonthly to the RTA Board.

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

Measurement: Objective.

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

Standards of Excellence Section 3: Safety – We recognize the tremendous importance of safety in the operation of RTA 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 RTA Board.

Standard 2: Address all safety hazards identified by the 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 6 annually, and preventable medical-only claims will not exceed 5 annually.

Measurement: Objective.

- All work comp claims shall be duly investigated and reported by Finance and Administration.

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

Measurement: Objective.

- As measured in 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.

- Tracked monthly by Finance and Administration and reported bimonthly to the RTA Board.

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 Executive Director and Department Heads.

Standard 2: Provide continuous development of skills and capabilities through ongoing training and development programs that foster personal and professional growth. Department Heads develop training plans as part of annual budget-making process, according the following minimum standards:

- A. Maintenance: 30 Hours per technician annually.
- B. Operations Supervisors: 24 Hours annually.
- C. Bus Operators: 8 Hours Annually.
- D. Finance and Administration: 16 Hours per employee annually.

Measurement: Objective.

- Department Heads evaluated annually for achievement of training objectives.

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

Measurement: Subjective.

- Employees provided opportunity to provide feedback on organizational communication as part of the Executive Director's annual evaluation.

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 RTA's Standards and RTA's 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, the RTA will match SLO Transit'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 to ensure neither 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 RTA 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 RTA 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. and 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 RTA Board.

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

Measurement: Subjective.

- To be evaluated and monitored by RTA Board.

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

Measure: Subjective.

- To be evaluated by Executive Director.

Standard 4: Provide effective leadership for public transportation within the County.

Measurement: Subjective.

- To be evaluated by Executive Director and RTA Board.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

~~2015-2017~~2018-2020 STRATEGIC BUSINESS PLAN

Executive Summary

This ~~RTA 2015-2017~~2018-20 Strategic Business Plan ~~updates-is an update to~~ the previous Plans adopted by the RTA Board of Directors in ~~October 2008,~~ October 2011 ~~and July 2014.~~ This ~~updated~~ three-year Plan incorporates both new and revised standards, ~~which were analyzed by RTA staff members and members of the Regional Transportation Advisory Committee.~~ It is anticipated that this Plan will be reviewed and revised again (as necessary) in mid-~~2017-2020~~ to reflect changing conditions.

Background

In October 2008, the RTA Board, RTA staff, SLOCOG staff and members of the ~~general public~~public met in a ~~day-long~~daylong workshop to craft the elements of the first RTA Strategic Business Plan. ~~The result of this workshop was a draft outline that contained the major sections and components of the Plan. During the development of the FY09-10 Operating and Capital Program, staff developed the four key sections of the Plan and this was approved by the Board during the budget process.~~The enduring major components of the Plan are the RTA Vision Statement, Mission Statement, Vision Elements, Mission of the Organization, and Strategic Directiones in achieving the Mission. ~~The 2012-2014 Strategic Business Plan was subsequently adopted in October 2011, and it incorporated goals and objectives developed as part of the 2010 RTA Short Range Transit Plan.~~ Staff uses the measurable ~~standards~~Standard of Excellence in the ~~Strategic Business~~Plan 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 RTA of the future is an integral part of the "SLO lifestyle." From the vineyards in North County, to the secluded beach towns on the North Coast, to the multi-faceted communityties in the South County, residents and visitors will use public transportation rather than relying solely on their cars.

Mission Statement

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

Vision Elements

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

- ~~Implement an~~ Sustain and continue to improve the 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, and 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 Vehicle Miles Traveled in private automobiles ~~Vehicle Miles Traveled~~.
- Embrace technological improvements that will positively impact efficiency and quality of service.

Overall Long-Term Goals

1. Provide market-driven services ~~s~~ that meets ~~s~~ the needs of the communities that we serve but that will also attract and retain 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 the various transit ~~operations systems~~ throughout the county to ensure that customers are provided seamless transit alternatives and services that attract discretionary riders from every community that RTA serves.
4. Promote the value of RTA and public transportation to the quality of life in San Luis Obispo County, ~~and~~ the environmental rewards of utilizing public transportation and the reduction of vehicle miles traveled.

Overall Objectives to Meet Long-Term Goals

- 1.1 Link population centers and major traffic generators within-with destinations in 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 effective public transportation.
- 2.4 Provide efficient public transportation.
- 2.5 Provide comfortable intercity-public transportation.
- 3.1 Achieve a highly-ratedhigh 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 San Luis Obispo County.
- 4.3 Implement an annual marketing plan.
- 4.4 Use public funding efficiently in meeting public transportation needs of communities that RTA serviceserves.
- 4.5 Educate community and business leaders and the public on the value of RTA services.

~~Current and Projected~~ Business Conditions and Opportunities

Similar to the experience of most other public transit agencies across the nation, the RTA 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 RTA fixed-route ridership now equals that of FY11-12, while Runabout ridership has thankfully settled to more financially feasible levels after several years of unprecedented annual growth.

~~Current and projected economic conditions have and will continue to impact the RTA. Although we are proud that we were one of a very few public transit agencies in the state that did not reduce service levels or reduce our workforce or enact furloughs during the economic downturn that began in 2008, the economy did impact our operating and capital programs. The biggest impact over the past several years has been sacrificing our capital investment plan for the sake of sustaining current levels of service to our customers and communities.~~

~~We are still recovering from what most economists define as the worst economic recession since the Great Depression. The state and local unemployment rate surpassed 10% for a number of quarters and we are just now experiencing an improved job market. The housing market took a significant hit as did overall consumer spending, although both have recovered to almost pre-recession levels in 2014. TDA revenues are also recovering.~~ California Transportation Development 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, the RTA 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. Prop 1B bond sales are also recently recovering so that long-planned capital projects can again be implemented. The State budget calls for Cap and Trade funds to be available for transit needs beginning in the next year, although the method for distribution has not yet been finalized.

~~However, on the Federal side, we are facing another expiring transportation authorization bill in September 2014. Furthermore, discretionary~~ Discretionary Federal Transit Administration (FTA) capital funds that have previously been used to replace buses and construct needed facilities and to fund operations of North Coast and South County services have dried up, and there is not a replacement funding source being seriously discussed at the national level. In short, the RTA's ability to rely upon large infusions of discretionary capital ~~and discretionary operating~~ funds in the future is uncertain at best. This might result in the RTA needing to finance such large-ticket items as a long-term operations/maintenance facility and/or the ~~consolidated downtown transit center~~ replacement of buses.

~~RTA continues to break ridership records, which has helped increase our Farebox Recovery Ratio (YTD over 30% through April 2014). Yet we still have many demands for new/expanded service and few new resources to fulfill these needs. Additionally we must continue our vigilance on containing costs as we still must contend with high fuel prices and increasing liability costs.~~

Overall Business Direction for FY152018 and Beyond

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

- Be a leader among transit systems in developing and implementing environmentally friendly transit service and sustainable business practices.
- Work with ~~SLO Transit~~South County Transit 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.
- Begin ~~environmental planning documentation to secure and begin development of the engineering and design phase for~~ a long-term operations/maintenance facility. Secure grant funding and other financing to construct the facility prior to the end of our lease for our current facility (February 2022).
- Plan and prepare for the future growth of the system and respond to technological, social and other pressures to remain a competitive and highly valued transportation alternative.

~~2015-17~~Focuses 2018-20 Strategic Business Plan Goals and Objectives

Goal 1: Increase Ridership –

Increase ridership through improved system design by attracting ~~choice-discretionary~~ customers and improving sub-regional transit alternatives.

Objectives

1. Implement sub-regional service alternatives recommendations from ~~South County and North County Transit Plans, the US101 Mobility Study, and the BRT Study~~ the 2016 RTA Short Range Transit Plan, the SLOCOG Regional Transportation Plan and other technical studies completed in each sub-region in the County.
2. Continue to analyze data ~~from the RTA Route Performance Standards~~ to evaluate-improve service efficiencies and effectiveness.
3. Complete a biannual ~~Ce~~community Perception Survey to address current and potential customer needs.
4. Improve customer communications and information about RTA services.
5. Continue to explore alternative transit modes using emerging technologies to address for underperforming and rural needs.
6. Achieve RTA Key Performance Indicators (KPIs) to improve existing service (On Time Performance, Customer Comments, Service Interruptions, Vehicle Collision Rate, etc.).
- 6-7. 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. ~~New-Meet or exceed~~ KPIs ~~will 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 RTA Board, the Executive Director with input from throughout the organization shall focus resources as necessary to meet set the standards as detailed in this

document. These efforts will be communicated ~~will be provided~~ to everyone in the organization who will have a lead role in achieving each standard, and these efforts will be reported on quarterly as part of the bi-monthly updates to the RTA Board of Directors.

Goal 3: Innovation –

Implement innovative opportunities to improve our service for our customers and potential customers.

Objectives

1. ~~Implement~~ Continue to look for ways to enhance decision-making processes using RTA's Intelligent Transportation System (ITS) Program in conjunction with other jurisdictions.
2. Identify and secure funding to sustain and expand the ITS Program.
3. ~~Implement the recommendations of the Bus Rapid Transit (BRT) study.~~ Ensure that persons with disabilities have adequate mobility.

Focused 2018-20 Strategic Business Plan Standards of Excellence

Regional Transit Authority Standards of Excellence Section 1: Service Quality and Efficiency –

Summary: 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 ~~the resources available~~ budgetary constraints.

Standard 1: The Productivity (passengers per vehicle service hour) standards are presented below for regularly-scheduled / year-round services:

- A. Regional intercity fixed-route (RTA Routes 9, 10, 12 & 14) services ~~Fixed Route passengers per vehicle service hour will~~ shall be 22 or greater.
- B. Local fixed-route (Paso Express Routes A & B, and SoCo Transit Routes 21, 24, 27 & 28) shall be 17 or greater.
- C. Runabout and other demand response services will be 2.0 or greater.
- D. Route deviation services (such as RTA Route 15) will be 8.0 or greater.

Any recommended changes to seasonal or lifeline services (i.e., Shandon Dial-A-Ride) will include target productivity standards that must be met in order to qualify for continued funding.

Measurement: Objective.

- Reviewed monthly by Operations, and reported by Executive Director at each Board meeting.

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

Measurement: Objective.

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

Standard 3: ~~System-wide~~ The following On-Time Performance standards shall apply to regularly-scheduled / year-round services:

- A. Regional intercity fixed-route and Express runs shall be 85% or greater.
- B. Local fixed-route shall be 90% or greater.
- A.C. Route deviation services shall be 70% or greater. ~~shall be 95% or greater.~~

Measurement: Objective.

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

Standard 4: The On-Time Performance for Runabout and other demand response services ~~On-Time Performance~~ shall be 95% or greater.

Measurement: Objective.

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

Standard 5: The RTA 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.

- Reported by the Executive Director and Division Heads annually.

Standard 6: The RTA 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 standards are as follows:

- A. The 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.
- B. The standard for Express services is no more than 10% of the monthly total number of bus trips exceeds a Load Factor of 1.00 for greater than 20 minutes.

If the Load Factor standards are 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. The number of bus trips with passenger standees will not exceed 10% of the daily bus trips on that route.

- Measurement: Objective.

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

Regional Transit Authority Standards of Excellence Section 2: Revenue and Resources –

~~We will live within our means.~~ 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 the RTA.

Standard 1: The annual operating budget will be based upon projected revenue and the total operating cost will not exceed the budget adopted by the Board.

Measurement: Objective.

- Tracked monthly in financial statements and YTD budget expenses reported bimonthly to the RTA Board.

Standard 2: ~~Fixed Route Farebox Recovery Ratio~~ The Farebox Recovery Ratio for all regularly scheduled / year-round services shall be 20% greater than 25% the minimum standard required by SLOCOG to meet TDA requirements.

Measurement: Objective.

- Based upon Tracked monthly and reported bimonthly to the RTA Board Route Productivity/Performance Report.

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

Measurement: Objective.

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

Regional Transit Authority Standards of Excellence Section 3: Safety –

We recognize the tremendous importance of safety in the operation of RTA 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 reported-tracked by the Safety and Training Manager, and reported annually to the RTA Board.

Standard 2: Address all safety hazards identified by the 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 6 annually, and preventable medical-only claims will not exceed 10-5 annually.

Measurement: Objective.

- All work comp claims shall be duly investigated and reported by Finance and Administration.

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

Measurement: Objective.

- As measured by in biannual Community Perception Survey, ~~which shall be conducted at least every two years.~~

Standard 5: Total risk management costs shall not exceed 8.5% of total operating costs 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-Tracked monthly by Finance and Administration ~~in financials and YTD budget reports~~ and reported bimonthly to the RTA Board.

Regional Transit Authority 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 Executive Director and Department Heads.

Standard 2: Provide continuous development of ~~organizational~~ skills and capabilities through ongoing training and development programs that ~~result in~~ foster personal and professional growth. Department Heads develop training plans as part of annual budget-making process, according the following minimum standards:

- A. Maintenance: 30 Hours per technician annually.
- B. Operations Supervisors: 24 Hours annually.
- C. Bus Operators: 8 Hours Annually.
- D. Finance and Administration: 16 Hours per employee annually.

~~-Measurement:~~ Objective.

- ~~• Departments have submitted training needs with budget process. Department Heads evaluated annually for achievement of training objectives.~~
- ~~• Maintenance: 30 Hours per technician annually.~~
- ~~• Operations Supervisors: 24 Hours annually.~~
- ~~• Bus Operators: 8 Hours Annually.~~
- ~~• Finance and Administration: 16 Hours per employee annually.~~

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

Measurement: Subjective.

- Employees provided opportunity to provide feedback on organizational communication as part of the Executive Director's annual evaluation.

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 RTA's Standards and RTA's KPIs.

Regional Transit Authority 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, the RTA will match SLO Transit'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 to ensure neither agency's buses surpass 40% beyond the FTA standards. Replace 100% of all revenue vehicles no more than 40% beyond the FTA defined useful life standard in terms of years or miles.

Measurement: Objective.

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

Standard 2: Road calls will not exceed 5 per 100,000 ~~miles of~~ 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 RTA 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 ~~Evaluation~~ Perception Survey ~~conducted by Marketing~~.

Standard 5: Achieve all federal ~~and~~ state-mandated maintenance ~~practices~~ 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 RTA Board.

- ~~• No negative FTA or TDA audit findings.~~
- ~~• Preventative maintenance schedules for all equipment shall be done on a timely basis (3,000 mile intervals or as mandated by equipment OEM vendor).~~

Regional Transit Authority 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, and 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 RTA Board.

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

Measurement: Subjective.

- To be evaluated and monitored by RTA Board.

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

Measure: Subjective.

- To be evaluated by Executive Director.

Standard 4: Provide effective leadership for public transportation within the County.

Measurement: Subjective.

- To be evaluated by Executive Director and RTA Board.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

January 3, 2018

STAFF REPORT

AGENDA ITEM: B-1

TOPIC: Fiscal Year 2017-18 Operating and Capital Budget Amendment #2

ACTION: Approve FY17-18 Budget Amendment

PRESENTED BY: Tania Arnold

STAFF RECOMMENDATION: Approve Budget Amendment

SUMMARY:

The Fiscal Year 2017-18 RTA capital budget was amended on November 1, 2017. That amendment included new State Transit Assistance (STA) SB1 Augmentation fund. Also at that meeting, the Board ratified the Collective Bargaining Agreement (CBA) with Teamsters Local 986. In addition, SB1 funding estimates have been revised and staff would like to identify the cost impacts of the CBA in the current year operating budget.

Note, none of these amendment items will require additional funds from the RTA jurisdictions.

The following is a detailed description of the proposed budget adjustments that have been incorporated and highlighted in the proposed amended budget on the following pages. Please note that the dollar amount increases are shown in parentheses in the descriptions below.

Revenue Changes

1. State Transit Assistance (STA) SB1 Augmentation (RTA \$364,830): based on the revised amount approved by the SLOCOG Board at the December 6, 2017 meeting for the RTA design and engineering of the garage facility on Elks Lane, the revised total of additional funds is \$747,340 (\$441,290 was approved November 1, 2017). The remaining balance of STA SB 1 funds (\$58,780) has been added to capital replacement reserves. Staff recently placed an order for three low floor Gillig buses to be delivered in the summer of 2020. These funds will be used as part of the local match. These new SB-1 funds are an important source of capital revenues for the RTA and the other transit operators in our region
2. State Transit Assistance (STA) SB1 Augmentation (SLOCAT \$39,050): based on equipment replacement plans, the funding has been added to capital replacement reserves and will be used as part of the local match for a Nipomo

Dial-A-Ride vehicle. Nipomo Dial-A-Ride services are entirely funded by the County.

3. State Transit Assistance (STA) SB 1 Augmentation (Paso Robles \$25,530): based on equipment replacement plans, the funding has been added to capital replacement reserves and will be used as part of the local match for the Paso Express fixed route vehicle replacements. Paso Express services are entirely funded by the City of Paso Robles.

Expenditure Changes

1. Labor – Operations (\$87,860): as a result of the increases to wages and benefits identified in the new CBA, this line-item is increased by \$87,860 for the period January 1 through June 30, 2018.
2. Labor – Maintenance (\$18,210): as a result of the increases to wages and benefits identified in the new CBA, this line-item is increased by \$18,210 for the period January 1 through June 30, 2018.
3. Fuel (reduce by \$106,100): as a result of current year fuel savings, budgeted fuel costs can be reduced by \$106,100 – which fully funds the increased CBA-based costs presented above.
4. Elks Lane Project (\$305,050): additional SB1 funds are added for design and engineering work needed for the Elks Lane bus maintenance facility.

The net effect for the above referenced budget adjustments results in no financial impact on the jurisdictions.

Staff Recommendation

Approve the budget amendment as indicated in the staff report.

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
PROPOSED AMENDED CAPITAL REVENUE BUDGET FOR 2017/2018**

		2015/2016 COMBINED ACTUAL	2016/2017 AMENDED CAPITAL BUDGET	2016/2017 ADOPTED SLOCAT BUDGET	2016/2017 ADOPTED N. COUNTY BUDGET	2017/2018 CURRENT CAPITAL BUDGET	2017/2018 AMENDED CAPITAL BUDGET	2017/2018 ADOPTED SLOCAT BUDGET	2017/2018 AMENDED SLOCAT BUDGET	2017/2018 ADOPTED N. COUNTY BUDGET	2017/2018 AMENDED N. COUNTY BUDGET
FUNDING SOURCES:											
	CAPITAL PROJECTS RESERVE	525,119	499,850	48,690	4,170	821,573	821,573	8,690	8,690	40,330	40,330
1.	ESTIMATED FUND BALANCE	525,119	499,850	48,690	4,170	821,573	821,573	8,690	8,690	40,330	40,330
2.	LESS REQUIRED RESERVES FOR FISCAL YEAR										
	CAPITAL PROJECTS RESERVE	552,710	346,790	8,690	40,330	598,173	656,953	80,280	119,330	98,210	123,740
	TOTAL	552,710	346,790	8,690	40,330	598,173	656,953	80,280	119,330	98,210	123,740
3.	FUND BALANCE AVAILABLE	(27,591)	153,060	40,000	(36,160)	223,400	164,620	(71,590)	(110,640)	(57,880)	(83,410)
NON TDA SOURCES											
	STATE TRANSIT ASSISTANCE (STA)	752,174	486,530	-	36,160	410,000	410,000	71,590	71,590	57,880	57,880
	LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)	-	291,300	-	-	264,040	264,040	-	-	-	-
	PROPOSITION 1B FUNDING - SAFETY & SECURITY	271,262	765,240	-	-	210,180	210,180	-	-	-	-
	STATE TRANSIT ASSISTANCE (STA) SB1 AUGMENTATION	-	-	-	-	441,290	806,120	-	39,050	-	25,530
	PROPOSITION 1B FUNDING - BUS REPLACEMENT	-	-	-	-	-	-	-	-	-	-
	CONGESTION MITIGATION AND AIR QUALITY (CMAQ)	-	-	-	-	-	-	-	-	-	-
	RURAL TRANSIT FUND (Capital)	-	55,990	-	-	-	-	-	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5307) - San Luis Obispo	115,047	229,650	-	-	337,090	337,090	-	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5309) - State of Good Repair	52,457	-	-	-	-	-	-	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5339) - Bus and Bus Facilities	44,180	96,190	-	-	79,220	79,220	-	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5311f)	-	-	-	-	-	-	-	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5307-North County)	115,047	731,410	-	-	982,170	982,170	-	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5307-South County)	115,047	664,150	160,000	-	389,890	389,890	-	-	-	-
4.	SUB TOTAL	1,465,214	3,320,460	160,000	36,160	3,113,880	3,478,710	71,590	110,640	57,880	83,410
5.	TOTAL FUND BALANCE & NON TDA FUNDING	1,437,623	3,473,520	200,000	-	3,337,280	3,643,330	-	-	-	-
6.	NET TDA REQUIREMENTS	-	-	-	-	-	-	-	-	-	-
7.	TOTAL FUNDING SOURCES	1,437,623	3,473,520	200,000	-	3,337,280	3,643,330	-	-	-	-
8.	FUNDING USES:										
	CAPITAL	1,237,027	3,272,920	200,000	-	3,136,680	3,442,730	-	-	-	-
	LOAN PAYDOWN	200,596	200,600	-	-	200,600	200,600	-	-	-	-
9.	TOTAL FUNDING USES	1,437,623	3,473,520	200,000	-	3,337,280	3,643,330	-	-	-	-

		Actual Combined FY 2015-16	Adopted Operating Budget FY 2016-17	Adopted Operating Budget FY 2017-18	Amended Operating Budget FY 2017-18	Projected Operating Budget FY 2018-19
Administration and Service Delivery Totals						
	Hours	69,399	74,430	77,750	77,750	77,750
	Miles	1,552,674	1,734,770	1,722,730	1,722,730	1,722,730
Administration:						
Labor	operations cost	660,486	815,700	855,390	855,390	904,610
Labor - Administration Workers Comp	operations cost	55,720	71,210	70,930	70,930	81,570
Office Space Rental	operations cost	437,933	504,790	477,880	477,880	479,030
Property Insurance	operations cost	16,127	17,420	17,240	17,240	18,960
Professional Technical Services	operations cost	50,925	79,560	99,990	99,990	105,740
Professional Development	operations cost	19,076	37,850	37,670	37,670	39,840
Operating Expense	operations cost	239,157	255,190	270,460	270,460	286,020
Marketing and Reproduction	hourly	71,340	93,730	90,720	90,720	90,720
North County Management Contract	operations cost	(39,720)	(40,320)	(41,850)	(41,850)	(44,260)
County Management Contract	operations cost	(80,500)	(82,110)	(85,230)	(85,230)	(90,130)
SCT Management Contract	operations cost	(79,830)	(114,900)	(119,270)	(119,270)	(126,130)
Total Administration		1,350,714	1,638,120	1,673,930	1,673,930	1,745,970
Service Delivery:						
Labor - Operations	hourly	3,569,509	4,100,660	4,157,720	4,245,580	4,396,960
Labor - Operations Workers Comp	hourly	376,970	481,790	479,910	479,910	551,900
Labor - Maintenance	hourly	863,556	947,680	971,020	989,230	1,026,890
Labor - Maintenance Workers Comp	hourly	110,324	141,000	140,450	140,450	161,520
Fuel	miles	786,228	1,164,130	1,160,530	1,054,460	1,209,010
Insurance (Liability, Physical Damage, Employment Practices)	miles	475,680	560,160	615,000	615,000	707,250
Special Transportation (for SLOCAT)	n/a	53,781	57,300	43,900	43,900	46,430
Avila Trolley	n/a	46,885	57,060	69,900	69,900	73,920
Maintenance (parts, supplies, materials)	miles	550,712	465,050	636,610	636,610	700,270
Maintenance Contract Costs	miles	125,218	138,910	92,100	92,100	101,310
Total Operations		6,958,863	8,113,740	8,367,140	8,367,140	8,975,460
Contingency	hourly	364	117,020	120,490	120,490	128,660
Interest Expense	operations cost	42,592	44,590	30,490	30,490	22,870
Management Contracts		200,050	237,330	246,350	246,350	260,520
TOTAL FUNDING USES		8,552,583	10,150,800	10,438,400	10,438,400	11,133,480

	Actual Capital Expenditures FY 2015-16	Amended Capital Budget FY 2016-17	Current Capital Budget FY 2017-18	Amended Capital Budget FY 2017-18	Projected Capital Budget FY 2018-19	Projected Capital Budget FY 2019-20	Projected Capital Budget FY 2020-21	Projected Capital Budget FY 2021-22
Capital Expenditures								
Capital/Studies:								
Computer System Maintenance/Upgrades	31,964	62,250	52,220	52,220	31,830	33,420	35,090	36,840
Miscellaneous Capital								
Facility Improvements	17,678	57,540	32,540	32,540	17,250	-	19,840	-
Maintenance Equipment		57,690	42,010	42,010	-	-	-	-
Rotary Lift/Wireless Lift		-	-	-	-	-	-	-
Passenger Protection 1300 buses		8,400	-	-	-	-	-	-
Specialized Maintenance Tools		33,500	33,500	33,500	34,340	36,060	-	-
Desks and Office Equipment		10,760	6,600	6,600	-	-	-	-
Radios	4,653	-	-	-	-	-	6,600	-
Vehicle ITS/Camera System	383,370	668,090	163,510	163,510	-	-	-	-
Bus Stop Improvements/Bus Stop Solar Lighting	111,067	277,230	295,100	295,100	36,470	38,290	40,200	42,210
Bus Rehabilitation		126,000	126,000	126,000	-	-	-	-
RouteMatch Dispatching Software/Call Back System		37,500	-	-	-	-	-	-
Vehicles			-	-				
Support Vehicles		60,000	-	-	18,000	-	56,700	63,000
40' Coaches		-	-	-	1,599,940	1,805,000	631,800	1,326,700
Trolley replacement vehicles		200,000	-	-	-	-	-	-
Cutaway and Dial A Ride Vehicles	244,352	-	-	-	-	880,700	-	-
Runabout Vehicles	406,314	163,480	-	-	729,300	555,200	261,300	316,600
Total Capital Outlay	1,199,398	1,762,440	751,480	751,480	2,467,130	3,348,670	1,051,530	1,785,350
Loan Pay down	200,596	200,600	200,600	200,600	211,670	-	-	-
Elks Lane Project	37,629	710,480	1,525,370	1,831,420	499,990	499,990	499,990	499,990
Paso Property Improvements	-	1,000,000	859,830	859,830	-	-	-	-
TOTAL FUNDING USES	1,437,623	3,673,520	3,337,280	3,643,330	3,178,790	3,848,660	1,551,520	2,285,340

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

January 3, 2018

STAFF REPORT

AGENDA ITEM: B-2

TOPIC: Annual Fiscal & Compliance Audit
(enclosed) and Annual Single Audit (to be
distributed at the meeting)

ACTION: Review and Accept the FY2016-17 Audit
Report

PRESENTED BY: Tania Arnold

STAFF RECOMMENDATION:

1. Review and Accept the FY2016-17
Annual Fiscal and Compliance Audit
2. Review and Accept the FY2016-17
Annual Single Audit

BACKGROUND/DISCUSSION:

The Transportation Development Act (TDA) requires an annual fiscal and compliance audit of each TDA recipient. The attached audit report was completed for RTA by Moss, Levy & Hartzheim, LLP. The annual single audit report was also completed by Moss, Levy & Hartzheim, LLP but is not available as of agenda distribution date; copies will be distributed at the Board meeting and posted on the RTA web site prior to the meeting.

Of particular interest to RTA Board members is the Independent Auditor's Report at the beginning of the document, which provides summary findings of the audit team. In short, the auditors found our financial statements to fairly present the financial position of RTA, and that we expressed our financial position and cash flows in accordance with generally accepted accounting principles. In addition, the auditor found no deficiencies in internal control or compliance with federal programs that might be considered material weaknesses or significant deficiencies.

Staff Recommendation

1. Staff recommends that the Board review and accept the Fiscal Year 2016-17 Annual Fiscal and Compliance Audit report.
2. Staff recommends that the Board review and accept the Fiscal Year 2016-17 Annual Single Audit report.

**SAN LUIS OBISPO REGIONAL
TRANSIT AUTHORITY
FINANCIAL STATEMENTS
June 30, 2017**

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
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June 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
San Luis Obispo Regional Transit Authority
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the of San Luis Obispo Regional Transit Authority (Agency) as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Luis Obispo Regional Transit Authority, as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress for Post Employment Benefits Other than Pensions on page 21, the Schedule of Proportionate Share of Net Pension Liability on page 22, and the Schedule of Pension Contributions on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the San Luis Obispo Regional Transit Authority's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the San Luis Obispo Regional Transit Authority 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2016, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2017, on our consideration of the San Luis Obispo Regional Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

Moss, Levy & Hutzheim LLP

December 11, 2017
Santa Maria, California

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2017
As of June 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and investments	\$ 2,445,281	\$ 3,186,202
Accounts receivable	170,260	249,505
Intergovernmental receivables	101,030	230,417
Grants receivable	2,531,238	2,167,022
Prepaid items	56,329	42,878
Inventory at cost	227,491	207,353
Total current assets	<u>5,531,629</u>	<u>6,083,377</u>
Capital assets:		
Nondepreciable:		
Land	1,512,602	1,512,602
Construction in progress	286,651	20,093
Depreciable:		
Buildings and improvements	4,754,698	4,754,698
Equipment and vehicles	16,812,810	17,248,606
Less accumulated depreciation	(10,184,552)	(9,997,987)
Total net capital assets	<u>13,182,209</u>	<u>13,538,012</u>
Total assets	<u>18,713,838</u>	<u>19,621,389</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions	375,085	153,557
Total deferred outflows of resources	<u>375,085</u>	<u>153,557</u>
LIABILITIES		
Current liabilities:		
Accounts payable	185,581	237,675
Accrued payroll	178,142	147,189
Unearned revenue	3,990,863	4,325,762
Customer deposits	27,703	27,703
Loan payable	200,596	200,596
Total current liabilities	<u>4,582,885</u>	<u>4,938,925</u>
Noncurrent liabilities:		
Compensated absences	161,601	162,889
CalPERS side-fund		
Other post-employment benefits	29,521	19,025
Net pension liability	543,863	414,886
Loan payable	212,302	412,898
Total noncurrent liabilities	<u>947,287</u>	<u>1,009,698</u>
Total liabilities	<u>5,530,172</u>	<u>5,948,623</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	39,083	114,952
Total deferred inflows of resources	<u>39,083</u>	<u>114,952</u>
NET POSITION		
Net investment in capital assets	12,769,311	12,924,518
Unrestricted	750,357	786,853
Total net position	<u>\$ 13,519,668</u>	<u>\$ 13,711,371</u>

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	2017	2016
Operating Revenues:		
Passenger fares	\$ 1,324,772	\$ 1,422,568
Other operating revenue	22,200	43,264
Total operating revenues	<u>1,346,972</u>	<u>1,465,832</u>
Operating Expenses:		
Transit operating expenses	7,415,139	6,958,862
Administration and financial services	1,605,972	1,550,345
Depreciation	1,873,538	1,874,939
Total operating expenses	<u>10,894,649</u>	<u>10,384,146</u>
Operating loss	<u>(9,547,677)</u>	<u>(8,918,314)</u>
Non-Operating Revenues (Expenses):		
Transportation Development Act funds	4,553,619	4,078,115
Federal and State grants	3,151,480	3,007,851
Interest income	11,287	9,864
Fees and reimbursements from other governmental agencies	114,900	79,830
Gain/(loss) on disposal of capital assets	14,008	(24,248)
Environmental planning		(18,320)
Interest expense	(30,960)	(42,592)
Total non-operating revenues (expenses)	<u>7,814,334</u>	<u>7,090,500</u>
Capital Contributions:		
Federal capital grants	658,615	441,777
State capital grants	819,373	374,703
Local capital grants	63,652	403,011
Total capital contributions	<u>1,541,640</u>	<u>1,219,491</u>
Change in net position	(191,703)	(608,323)
Net position, beginning of fiscal year	<u>13,711,371</u>	<u>14,319,694</u>
Net position, end of fiscal year	<u>\$ 13,519,668</u>	<u>\$ 13,711,371</u>

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 1,426,217	\$ 1,327,139
Payments to suppliers and wages	<u>(9,229,508)</u>	<u>(8,641,438)</u>
Net cash used by operating activities	<u>(7,803,291)</u>	<u>(7,314,299)</u>
 Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of property, plant, and equipment	(1,541,640)	(1,219,491)
Principal paid - loan payable	(200,596)	(200,596)
Interest expense	(30,960)	(42,592)
Environmental planning		(18,320)
Capital grants received	1,541,640	1,219,491
Sale of capital assets	<u>37,913</u>	
Net cash used by capital and related financing activities	<u>(193,643)</u>	<u>(261,508)</u>
 Cash Flows from Noncapital Financing Activities:		
Grants received	7,129,826	7,329,456
Fees and reimbursements	<u>114,900</u>	<u>79,830</u>
Net cash provided by noncapital financing activities	<u>7,244,726</u>	<u>7,409,286</u>
 Cash Flows From Investing Activities:		
Interest income	<u>11,287</u>	<u>9,864</u>
Net cash provided by investing activities	<u>11,287</u>	<u>9,864</u>
Net (decrease) in cash and cash equivalents	(740,921)	(156,657)
Cash and cash equivalents, beginning of fiscal year	<u>3,186,202</u>	<u>3,342,859</u>
Cash and cash equivalents, end of fiscal year	<u><u>\$ 2,445,281</u></u>	<u><u>\$ 3,186,202</u></u>

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (9,547,677)	\$ (8,918,314)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	1,873,538	1,874,939
Change in operating assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	79,245	(138,693)
Prepaid items	(13,451)	59,037
Inventory	(20,138)	(7,125)
Deferred outflows	(221,528)	(79,143)
Accounts payable	(52,094)	(196,373)
Accrued payroll	30,953	30,088
Unearned revenue	5,545	46,508
Other post-employment benefits	10,496	9,767
Net pension liability	128,977	(10,951)
Compensated absences	(1,288)	7,971
Deferred Inflows	(75,869)	7,990
Net cash used by operating activities	<u>\$ (7,803,291)</u>	<u>\$ (7,314,299)</u>

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – REPORTING ENTITY

San Luis Obispo Regional Transit Authority (the Agency) is a Joint Powers Agency created by a joint powers agreement among the Cities of San Luis Obispo, Morro Bay, Atascadero, Arroyo Grande, El Paso de Robles, Grover Beach, Pismo Beach, and the County of San Luis Obispo.

The purpose of the Agency is to operate a fixed route public transportation system linking San Luis Obispo to the outlying communities of Morro Bay, Los Osos, Arroyo Grande, El Paso de Robles, Grover Beach, Pismo Beach, Atascadero, Cambria, San Simeon, Nipomo, Santa Maria, Templeton, Santa Margarita, and San Miguel, along with Cuesta College and California Men's Colony. The Agency also owns, operates, and administers a countywide public demand responsive transportation system that is fully accessible for disabled riders. On August 1, 2009, the Agency began in-house vehicle operations and maintenance. Prior to August 1, 2009, a private transportation company provided these services.

The Agency is governed by a Board of Directors comprised of twelve members representing each of the seven cities, in addition to the five members of the County Board of Supervisors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Accounting Policies - The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants (AICPA).
- B. Accounting Method - The Agency follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred regardless of the timing of related cash flows.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.
- D. Accounts Receivable - The Agency did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable are shown at full value.
- E. Inventory - Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.
- F. Property, Plant, and Equipment - Capital assets purchased by the Agency are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired. Capital assets are defined by the Agency as assets with initial, individual costs of more than \$1,000 and estimated useful life in excess of two years.
- G. Depreciation - Capital assets purchased by the Agency are depreciated over their estimated useful lives (ranging from 3-15 years) under the straight-line method of depreciation.
- H. Compensated Absences - Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the Agency.
- I. Revenue Recognition - The Agency's primary source of revenues include passenger fares, State Transit Assistance funds, and Local Transportation Fund/Transportation Development Act (TDA) allocations made to the participating members, but assigned by the members to this Agency for its sole use. The San Luis Obispo Council of Governments administers the State Transit Assistance and Transportation Development Act funds, approves claims for such funds submitted by this Agency, and makes payments to the Agency based upon such claims.

Generally, amounts due from other governments are recorded as revenues when earned. However, when the expenditure of funds is the prime factor for determining eligibility for grants, revenue is accrued when the related expenditures have been made on an approved grant. The Agency recognizes as revenues the amounts allocated and approved to it by San Luis Obispo Council of Governments.

- J. Net Position - GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Use of Estimates -The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the San Luis Obispo Regional Transit Authority's California Public Employee's Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has one item which qualify for reporting in this category; refer to Note 13 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualify for reporting in this category; refer to Note 13 for a detailed listing of the deferred inflows of resources the District has reported.

N. Comparative Data/Totals Only – Comparative total data for the prior fiscal year has been presented in certain accompanying financial statements in order to provide an understanding of the changes in the Agency's financial position, operations, and cash flows. Also, certain prior fiscal amounts have been reclassified to conform to the current fiscal year financial statements presentation.

O. Future Accounting Pronouncements

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

Statement No. 75	"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 81	"Irrevocable Split-Interest Agreements"	The provisions of this statement are effective for fiscal years beginning after December 15, 2016.
Statement No. 82	"Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 83	"Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 85	"Omnibus 2017"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Future Accounting Pronouncements (continued)

Statement No. 86	"Certain Debt Extinguishment Issues"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No, 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

NOTE 3 - CASH AND INVESTMENTS

On June 30, 2017 the Agency had the following cash and investments on hand:

Cash on hand and in banks	\$ 642,817
Investments	<u>1,802,464</u>
Total cash and investments	<u>\$ 2,445,281</u>

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

Cash and investments, statement of net position	<u>\$ 2,445,281</u>
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The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency's investments are in the San Luis Obispo Investment Pool which is an external investment pool which is not valued under level 1, 2 or 3.

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the Agency by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
San Luis Obispo County Investment Pool	\$ 1,802,464	\$ 1,802,464	\$ -	\$ -	\$ -
Total	\$ 1,802,464	\$ 1,802,464	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented on the following page is the minimum rating required by the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
San Luis Obispo County Investment Pool	\$ 1,802,464	N/A	\$ -	\$ -	\$ -	\$ 1,802,464
Total	\$ 1,802,464		\$ -	\$ -	\$ -	\$ 1,802,464

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The Agency may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Cash held by San Luis Obispo County).

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – CAPITAL ASSETS

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 1,512,602	\$ -	\$ -	\$ 1,512,602
Construction in progress	20,093	266,558		286,651
Total capital assets, not being depreciated	<u>\$ 1,532,695</u>	<u>\$ 266,558</u>	<u>\$ -</u>	<u>\$ 1,799,253</u>
Capital assets, being depreciated				
Building and improvements	\$ 4,754,698	\$ -	\$ -	\$ 4,754,698
Vehicles and equipment	17,248,606	1,275,082	1,710,878	16,812,810
Total capital assets, being depreciated	<u>22,003,304</u>	<u>1,275,082</u>	<u>1,710,878</u>	<u>21,567,508</u>
Less accumulated depreciation for:				
Building, improvements, vehicles and equipment	<u>9,997,987</u>	<u>1,873,538</u>	<u>1,686,973</u>	<u>10,184,552</u>
Total accumulated depreciation	<u>9,997,987</u>	<u>1,873,538</u>	<u>1,686,973</u>	<u>10,184,552</u>
Total capital assets, being depreciated, net	<u>\$ 12,005,317</u>	<u>\$ (598,456)</u>	<u>\$ 23,905</u>	<u>\$ 11,382,956</u>
Governmental activities, capital assets, net	<u>\$ 13,538,012</u>	<u>\$ (331,898)</u>	<u>\$ 23,905</u>	<u>\$ 13,182,209</u>

Depreciation expense for the fiscal year ended June 30, 2017, was \$1,873,538. The depreciation expense for the fiscal year ended June 30, 2016, was \$1,874,939.

NOTE 5 – UNEARNED REVENUE

	2017	2016
TDA Local Transportation Funds	\$ 2,807,942	\$ 3,246,928
The Agency received an advance from developers for construction of bus stops as a condition imposed by the County Board of Supervisors. These funds are deferred until the bus stops have been constructed	38,688	38,688
The Agency distributes Universal bus passes to Social Services and the general public as part of a "Welfare to Work Program." These funds are deferred revenue until they are tendered or redeemed.	234,171	228,626
Prop 1B funding	642,783	811,520
Low Carbon Transit Operator Program	<u>267,279</u>	
Total unearned revenues	<u>\$ 3,990,863</u>	<u>\$ 4,325,762</u>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – OPERATING SUBSIDIES FROM LOCAL TRANSPORTATION AND STATE TRANSIT ASSISTANCE FUNDS

The County was allocated the following funds from the Local Transportation Fund (LTF) and State Transit Assistance Fund for the fiscal years ended June 30, 2017 and 2016:

Allocation Assigned By/Claimant	Article/ Section	Amount	
		2017	2016
Local Transportation Fund:			
City of Arroyo Grande	4 / 99260(a)	\$ 172,127	\$ 165,515
City of San Luis Obispo	4 / 99260(a)	583,204	560,478
County of San Luis Obispo	4 / 99260(a)	1,587,610	1,525,744
City of Grover Beach	4 / 99260(a)	129,816	125,593
City of Morro Bay	4 / 99260(a)	101,569	98,121
City of Atascadero	4 / 99260(a)	288,087	273,806
City of El Paso de Robles	4 / 99260(a)	875,080	894,056
City of Pismo Beach	4 / 99260(a)	76,157	73,572
Total LTF		3,813,650	3,716,885
State Transit Fund:			
Regional Transit Authority	6.5 / 99313	462,686	589,089
Regional Transit Authority	6.5 / 99314	56,009	66,089
Total STF		518,695	655,178
Subtotal		4,332,345	4,372,063
Add: Recognition of prior fiscal year unearned revenues		3,246,928	3,127,491
Less: Current fiscal year unearned revenues		(2,807,942)	(3,246,928)
Total TDA Allocation		\$ 4,771,331	\$ 4,252,626

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

	<u>2017</u>	<u>2016</u>
Operating and interest expenses	\$ 10,925,609	\$ 10,426,738
Add:		
Capital purchases with LTF and STF	217,712	174,510
Less:		
Depreciation	(1,873,538)	(1,874,939)
Fare revenues	(1,324,772)	(1,422,568)
Special events and other revenues	(22,200)	(43,264)
Federal and state operating grants	<u>(3,151,480)</u>	<u>(3,007,851)</u>
Maximum total allocation amount	4,771,331	4,252,626
TDA allocations received and accrued	4,332,345	4,372,063
Change in TDA transit allocations in unearned revenues	<u>438,986</u>	<u>(119,437)</u>
Allocation over/(under) maximum	<u>\$ -</u>	<u>\$ -</u>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 – FARE REVENUE RATIO

The Agency had fare revenue ratios for the fiscal year ended June 30, 2017 as computed as follows:

	<u>Fixed Route</u>	<u>Runabout</u>	<u>Paso Express</u>	<u>Paso Dial a Ride</u>
(a) Operating fare revenues	\$ 1,003,303	\$ 136,526	\$ 138,519	\$ 7,113
(b) Operating expenses, net of depreciation	<u>4,671,014</u>	<u>3,131,606</u>	<u>669,146</u>	<u>136,509</u>
(c) Fare revenue ratio [(a) / (b)]	21.48%	4.36%	20.70%	5.21%
Minimum ratio required	<u>17.36%</u>	<u>N/A</u>	<u>17.36%</u>	<u>15.00%</u>
Under minimum ratio requirement	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>9.79%</u>
	<u>Nipomo</u>	<u>Cambria Trolley</u>	<u>Avila Trolley</u>	
(a) Operating fare revenues	\$ 28,151	\$ -	\$ 11,160	
(b) Operating expenses, net of depreciation	<u>332,009</u>	<u>4,263</u>	<u>76,564</u>	
(c) Fare revenue ratio [(a) / (b)]	8.47%	0.00%	14.58%	
Minimum ratio required	<u>10.00%</u>	<u>10.00%</u>	<u>20.00%</u>	
Under minimum ratio requirement	<u>1.53%</u>	<u>10.00%</u>	<u>5.42%</u>	

The Agency had fare revenue ratios for the fiscal year ended June 30, 2016 as computed as follows:

	<u>Fixed Route</u>	<u>Runabout</u>	<u>Paso Express</u>	<u>Paso Dial a Ride</u>
(a) Operating fare revenues	\$ 1,102,283	\$ 132,697	\$ 143,323	\$ 6,686
(b) Operating expenses, net of depreciation	<u>4,131,601</u>	<u>3,162,810</u>	<u>696,376</u>	<u>110,969</u>
(c) Fare revenue ratio [(a) / (b)]	26.68%	4.20%	20.58%	6.02%
Minimum ratio required	<u>17.15%</u>	<u>N/A</u>	<u>17.15%</u>	<u>15.00%</u>
Under minimum ratio requirement	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>8.98%</u>
	<u>Nipomo</u>	<u>Cambria Trolley</u>	<u>Avila Trolley</u>	
(a) Operating fare revenues	\$ 28,824	\$ -	\$ 8,755	
(b) Operating expenses, net of depreciation	<u>337,986</u>	<u>1,828</u>	<u>67,637</u>	
(c) Fare revenue ratio [(a) / (b)]	8.53%	0.00%	12.95%	
Minimum ratio required	<u>10.00%</u>	<u>10.00%</u>	<u>20.00%</u>	
Under minimum ratio requirement	<u>1.47%</u>	<u>10.00%</u>	<u>7.05%</u>	

The Agency was in compliance with applicable TDA regulations pertaining to acceptable fare revenue ratios for routes encompassing both urbanized and non-urbanized areas which require a minimum ratio of 17.15% blended rate as approved by San Luis Obispo Council of Governments. The fare revenue ratios for the Paso Dial a Ride, Nipomo, Cambria Trolley and Avila Trolley are under their various minimum required ratios. When the fare revenue ratio is under the minimum requirement for two consecutive years, there is a potential for a reduction in future TDA eligibility for the difference between the required minimum and actual fares in accordance with Public Utilities Code Section 99268.9 and CCR Section 6633.9, unless waived by the San Luis Obispo Council of Governments.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – LONG TERM DEBT

	Balance July 1, 2016	Increases	Decreases	Balance at June 30, 2017		
				Total	Current	Long Term
Vacation	\$ 131,616	\$ 198,415	\$ 207,422	\$ 122,609	\$ -	\$ 122,609
Sick leave	31,273	50,711	42,992	38,992		38,992
Loan payable	613,494		200,596	412,898	200,596	212,302
Other post-employment benefits	19,025	16,696	6,200	29,521		29,521
Net pension liability	414,886	183,027	54,050	543,863		543,863
Total	\$ 1,210,294	\$ 448,849	\$ 511,260	\$ 1,147,883	\$ 200,596	\$ 947,287

NOTE 9 – LOAN PAYABLE

The Agency entered into a loan with Rabobank on June 1, 2011. The original balance of the loan was \$3,082,621. A prepayment of \$799,168 in principal was made on January 29, 2014. The loan was refinanced with Rabobank for \$1,512,183 on March 24, 2014 with a fixed interest rate of 5.75%. Payment on the loan is due in variable monthly interest payments which began on April 1, 2014 and budgeted principal payments of \$100,298 beginning April 30, 2014, with all outstanding principal plus accrued unpaid interest due on April 30, 2021. The outstanding principal balance at June 30, 2017, was \$412,898.

NOTE 10 – PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	8.880% + \$36,121	6.555% + \$90

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the Authority were \$108,461 for the fiscal year ended June 30, 2017.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2017, the Agency reported a liability of \$543,863 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. The Agency's proportionate share of the net pension liability for the miscellaneous plan as of June 30, 2015, and 2016 was as follows:

	Miscellaneous
Proportion - June 30, 2015	0.01558%
Proportion - June 30, 2016	0.01566%
Change - Increase (Decrease)	0.00008%

For the year ended June 30, 2017, the Agency recognized pension expense of \$(59,959). Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 108,461	\$ -
Differences between expected and actual experience	3,368	772
Changes in assumptions	-	31,865
Net difference between projected and actual earnings on retirement plan investments	165,846	
Adjustment due to differences in proportions	42,641	6,446
Difference in actual contributions and proportionate share of contributions	54,769	
	<u>\$ 375,085</u>	<u>\$ 39,083</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$108,461 was reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Fiscal Year Ending June 30,	Amount
2018	\$ 50,515
2019	48,996
2020	85,074
2021	42,956
	<u>\$ 227,541</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, one of the rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly high Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% was used for this period.

(b) An expected inflation of 3.0% was used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The following represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65 percent) or 1- percentage point higher (8.65 percent) than the current rate:

	<u>Decrease 6.65%</u>	<u>Discount Rate 7.65%</u>	<u>1% Increase 8.65%</u>
Agency's proportionate share of the net pension plan liability	\$ 844,886	\$ 543,863	\$ 295,082

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to Pension Plan

At June 30, 2017, the Agency had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2017.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11– POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In addition to the California Public Employees' Retirement System (CalPERS) pension benefits, as described in Note 10, the Agency provides post-retirement health benefits for management and director positions. The Agency agreed to pay CalPERS for the retiree and/or retiree's dependent health (medical/dental/vision) insurance premiums, disability insurance, long-term health care or life insurance premiums up to a maximum of \$3,100 per year. The benefit is available upon retirement from CalPERS after the age 55, and the employee must have served for five years with the Agency. The benefit extends between the date of retirement and the date of death. Currently, there are two retirees receiving benefits and five other employees that may become eligible for benefits under this program.

Funding Policy

The Agency accounts for this benefit on a pay-as-you-go basis. No funds are set aside to pay for benefits and administrative costs. These expenditures are paid as they come due. In the fiscal year, June 30, 2017, the Agency's total contributions were \$6,200.

Annual OPEB Cost and Net OPEB Obligation

The Agency's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Agency has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Agency's annual OPEB cost for the current fiscal year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation for the post employment healthcare benefits:

Annual required contribution	\$	15,825
Interest of net OPEB obligation		871
Annual OPEB cost (expense)		16,696
Contributions made		(6,200)
Increase/(decrease) in net OPEB obligation		10,496
Net OPEB obligation, beginning of fiscal year		19,025
Net OPEB obligation, end of fiscal year	\$	29,521

The Agency's annual OPEB cost (expense), the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation, was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 15,458	40.1%	\$ 9,258
June 30, 2016	\$ 15,967	38.8%	\$ 19,025
June 30, 2017	\$ 16,696	37.1%	\$ 29,521

Funded Status and Funding Progress

The Funded status of the plan as of July 1, 2016, the date of the latest actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$	163,227
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	163,227
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		428,002
UAAL as a percentage of covered payroll		38%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age, covered group members were assumed to retire at the age of 55.

Mortality – All active and inactive plan members were expected to live through the age of 80.

Turnover – Non-group-specific age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

NOTE 12 – INSURANCE

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

NOTE 13 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

At June 30, 2017, deferred inflows and outflows of resources, reported on the Statement of Net Position, consisted of the following:

Deferred Inflows of Resources	
Pensions	\$ 39,083
	<hr/>
Total Deferred Inflows	\$ 39,083
	<hr/>
Deferred Outflows of Resources	
Pensions	\$ 375,085
	<hr/>
Total Deferred Outflows	\$ 375,085
	<hr/>

NOTE 14 – OPERATING LEASE

The Agency has entered into an operating lease for office facilities and bus yard with lease terms in excess of one year. Future minimum lease payments under this agreement are as follows:

<u>Year Ended June 30</u>	
2018	410,212
	<hr/>
	\$ 410,212
	<hr/>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B in November 2006, included a program of funding in the amount of \$4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, \$3.6 billion in the PTMISEA was made available to project sponsors in California for allocation to eligible public transportation projects for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or rolling stock procurement, rehabilitation, expansion, or replacement. PTMISEA eligibility is based on STA allocations to each project sponsor during the fiscal years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and were made available during the 2016-17 fiscal years. Qualifying expenditures must be encumbered within three years from the date of allocation and expended within three years from the date of the encumbrance.

Interest earned on funds to date is \$9,972. The Agency had qualifying expenditures incurred under this program from previous allocation totaling \$574,699, which was used as Intelligent Transportation System and is included in State capital grants in the accompanying financial statements.

NOTE 16 – THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)

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

Interest earned on funds to date is \$2,187. The Agency had qualifying expenditures incurred under this program from previous allocation totaling \$24,023, which was used for the procurement of construction services of Paso Robles Facility Improvement and is included in State capital grants in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
As of June 30, 2017

The following table provides required supplementary information regarding the Agency's post employment healthcare benefits.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
7/1/2014	\$ -	\$ 148,965	\$ 148,965	0%	\$ 418,002	36%
7/1/2016	\$ -	\$ 163,227	\$ 163,227	0%	\$ 428,002	38%

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2017

The following table provides required supplementary information regarding the Agency's Pension Plan.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.00629%	0.00604%	0.00684%
Proportionate share of the net pension liability	\$ 543,863	\$ 414,886	\$ 425,837
Covered-employee payroll	\$ 822,150	\$ 473,673	\$ 345,255
Proportionate share of the net pension liability as percentage of covered-employee payroll	66.15%	87.59%	123.34%
Plan's total pension liability	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%

Notes to Schedule:

Changes in assumptions - In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

*- Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*
As of June 30, 2017

The following table provides required supplementary information regarding the Agency's Pension Plan.

	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 108,461	\$ 126,258	\$ 74,414
Contribution in relation to the actuarially determined contributions	(108,461)	(126,258)	(74,414)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered- employee payroll	\$ 932,784	\$ 822,150	\$ 473,673
Contributions as a percentage of covered-employee payroll	11.63%	15.36%	15.71%

Notes to Schedule

Valuation Date: 6/30/2015

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2014/2015 were derived from the June 30, 2012 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 funding valuation report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.65%
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

There were no changes in methods or assumptions used to determine the legally required contributions, which are actuarially determined, from the June 30, 2015 to the June 30, 2016 funding valuation report.

*- Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

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SUPPLEMENTARY INFORMATION SECTION

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
As of June 30, 2017

	Adopted Budget	Actual	County Services Actual	Variance with Budget
Administration:				
Labor	\$ 815,700	\$ 655,459	\$ -	\$ 160,241
Labor - Administration Workers Comp	71,210	68,662		2,548
Office Space Rental	504,790	404,548		100,242
Property Insurance	17,420	16,340		1,080
Professional Technical Services	79,560	73,266		6,294
Professional Development	37,850	38,663		(813)
Operating Expense	255,190	250,847		4,343
Marketing and Reproduction	93,730	80,617		13,113
Contingency	117,020	17,570		99,450
North County Management Contract	(40,320)	(40,320)		
County Management Contract	(82,110)	(82,110)	92,110	(92,110)
SCT Management Contract	(114,900)	(114,900)		
Total Administration	1,755,140	1,368,642	92,110	294,388
Service Delivery:				
Labor - Operations	4,100,660	3,786,731	174,325	139,604
Labor - Operations Worker Comp	481,790	464,554	14,991	2,245
Labor - Maintenance	947,680	939,441	45,528	(37,289)
Labor - Maintenance Workers Comp	141,000	135,956	4,387	657
Fuel	1,164,130	778,888	17,459	367,783
Insurance	560,160	571,725	9,497	(21,062)
Special Transportation (includes Senior Vans, Lucky Bucks, etc.)	57,300	38,668	43,650	(25,018)
Avila Trolley	57,060	52,150	62,979	(58,069)
Maintenance (parts, supplies, materials)	465,050	598,140	10,672	(143,762)
Maintenance Contract Costs	138,910	48,886	739	89,285
Total Operations	8,113,740	7,415,139	384,227	314,374
Capital/Studies:				
Computer System Maintenance/Upgrades	62,250	37,217		25,033
Miscellaneous Capital				
Facility Improvements	57,540			57,540
Maintenance Software and Equipment	57,690	29,103		28,587
Passenger Protection 1300 buses	8,400	4,536		3,864
Specialized Maintenance Tools	33,500			33,500
Desk and Office Equipment	10,760	9,595		1,165
Vehicle ITS/Camera System	668,090	590,451		77,639
Bus Stop Improvements/Bus Stop Solar Lighting	277,230	16,860		260,370
Bus Rehabilitation	126,000			126,000
RouteMatch Dispatching Software	37,500	33,150		4,350
Vehicles				
Support Vehicles	60,000	60,618		(618)
Trolley Replacement Vehicles	200,000	204,268	204,268	(208,536)
Runabout Vehicles	163,480	289,284		(125,804)
Total Capital Outlay	1,762,440	1,275,082	204,268	283,090
Interest Expense	44,590	30,960		13,630
Loan Paydown	200,600	200,596		4
Elks Lane Project	710,480	126,391		584,089
Paso Property Improvements	1,000,000	140,167		859,833
Management Contracts	237,330	237,330		
TOTAL FUNDING USES	\$ 13,824,320	\$ 10,794,307	\$ 680,605	\$ 2,349,408
TOTAL EXPENSES, BUDGETARY BASIS		\$ 10,794,307		
ADD:				
DEPRECIATION		1,873,538		
LESS:				
CAPITALIZED EXPENSES		(1,541,640)		
LOAN PRINCIPAL PAYMENTS		(200,596)		
NON-OPERATING EXPENSES		(30,960)		
TOTAL OPERATING EXPENSES PER FINANCIAL STATEMENTS		\$ 10,894,649		



To the Board of Directors
San Luis Obispo Regional Transit Authority

We have audited the basic financial statements of the San Luis Obispo Regional Transit Authority (the Authority) for the fiscal year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 11, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by San Luis Obispo Regional Transit Authority are described in Note 2 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements was (were):

Management's estimate of the useful lives of capital assets is based on experience with other capital assets and on their standard table of useful lives. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other postemployment benefits (OPEB) expense is based on the actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the other postemployment benefits (OPEB) expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and deferred inflows and outflows related to pension are based on the CalPERS actuary's expertise experience. We evaluated the key factors and assumptions used to develop the net pension liability and deferred inflows and outflows related to pension in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Pension Plan in Note 10 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of

audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 11, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of San Luis Obispo Regional Transit Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Moss, Remy & Hartshorn LLP

December 11, 2017

Santa Maria, California

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

January 3, 2018

STAFF REPORT

AGENDA ITEM: B-3

TOPIC: Government Center Improvement

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Authorize Executive Director to Procure Design, Engineering and Construction Services at a Cost Not to Exceed \$150,000

BACKGROUND/DISCUSSION:

At the March 1, 2017 Board meeting, the Executive Director was authorized to procure up to four new passenger shelters and related passenger amenities, as well as construction services to implement these items, at a cost not to exceed \$125,000. Staff went out to bid for the purchase of the shelter and amenities, which consumed the majority (\$91K) of these funds. Staff then bid out Design, Engineering and Construction Services, and no bids were received by the deadline of December 18, 2017.

Staff consulted with the Wallace Group for input on whether the project budget was inadequate, and what other factors might have contributed to the lack of vendor response. Staff also reached out to vendors that initially expressed an interest in the design/build contract. The feedback is that the budget was insufficient for a project that includes a design component, installation of underground utility conduits, in addition to laying pavers, tree replacement, landscape work, and installation of the passenger amenities. Their preliminary estimate was that \$40,000 would be a more appropriate budget for design, \$10,000 for permitting, and between \$80,000 and \$100,000 for construction.

Staff believes that this is a vital project, since it appears that the long-term Consolidated Downtown Transit Center project will not move forward as originally envisioned. Staff has identified savings from the Paso Robles Bus Parking Yard project (\$90k) and the balance in FTA 5339 for this project (\$60K). There is no new financial impact to the jurisdictions.

Staff Recommendation

Staff requests the Board's authorization for the Executive Director to separately procure Design/Engineering Services and Construction Services, at a combined cost not to exceed \$150,000.



San Luis Obispo Regional Transit Authority

Executive Committee Meeting

Draft Minutes 10/11/2017

C-1

Members Present: Lynn Compton, President
Tom O'Malley, Past President
Jamie Irons, Vice President

Members Absent: None

Staff Present: Geoff Straw, Executive Director
Tania Arnold, Deputy Director and CFO
Shelby Walker, Administrative Assistant
Tim McNulty, County Counsel

Also Present: Pete Rodgers, SLOCOG
Ron De Carli, SLOCOG

1. Call to Order and Roll Call:

President Lynn Compton called the meeting to order at 10:07 a.m. Silent Roll Call was taken and a quorum was present.

2. Public Comments:

None

3. Information Items:

A-1 Executive Director's Report

Mr. Geoff Straw stated that the Annual Bus Rodeo will be on Sunday, October 15th from 11:00 a.m. to 3:00 p.m. at the operating facility; all Board members and their families are invited to join us. He stated that the 30-day protest period on the CEQA Initial Study – Mitigated Negative Declaration report for the Maintenance Facility report closed and there were no protests. The project is officially entitled from an environmental review standpoint. Currently, working on the final grant document for design and engineering.

C-1-1

He mentioned that staff received eight bids for the Paso Bus Parking Yard construction project, and CalPortland Construction submitted the lowest-cost responsive bid. The good news is that their \$613,480 bid was well below the \$801,600 engineer's estimate. The project has a 70-day construction period with kick-off in early November. There are delays due to the modular building not being available until spring.

The City of San Luis Obispo has authorized the improvements to the Government Center passenger facility, including elimination of two existing on-street automobile parking spaces along Osos. We are finalizing design-build procurement documents, and will begin the solicitation process with the expectation of bringing a draft agreement to the Board at its January 3, 2018 meeting.

Mr. Straw stated that we do have a proposed fare increase, but will discuss that in more detail when it is brought up in the next agenda item. He mentioned that to bolster customer input opportunities, we will conduct on-board passenger surveys, employee surveys, and an online survey as part of our biennial Customer Perception Survey. These efforts will be conducted throughout October, and will include all services directly operated or managed by the RTA.

RTA core fixed-route ridership has declined 6.3%. Interestingly, weekday ridership is down on all four fixed routes. Runabout ridership is 3.5% lower than the total from the first two months of the previous year. **President Compton** asked if there was an exact number that we are trying to get to for Runabout services. **Mr. Straw** stated that there is no standard set for how low we would like Runabout ridership to be. He continued by mentioning that **Mr. Omar McPherson**, RTA Grants Manager, was elected on to the CALACT Board.

In terms of overall non-capital expenses, we are slightly below budget – 15.2% through 16.7% of the fiscal year. Farebox ratio, subsidy per passenger, and riders per hour are the main three things to look at in the budget. We are still showing ridership with the automatic counter numbers and the GFI farebox numbers until a good baseline is developed.

President Compton opened public and board comment.

Mr. Ron De Carli asked what the target number is for riders per mile. **Mr. Straw** stated that there is not a target for per mile but we focus on the riders per hour.

President Compton asked if the APC number and GFI numbers will ever get close to each other. **Mr. Straw** stated no, because the GFI farebox isn't as accurate.

Mr. Pete Rodgers asked about LCTOP money being used for the Paso Yard project and with the \$200,000 savings, is the intent to expend all the LCTOP money and then use LTF for capital

preserves. **Mr. Straw** stated we will try to conserve the federal grant money because leverage that better and use it towards the Elks Lane project possibly.

President Compton closed public and board comment.

Closed Session:

CONFERENCE WITH LEGAL COUNSEL: It is the intention of the Executive Committee to meet in closed session concerning the following items:

D-1 Conference with Labor Negotiator Geoff Straw concerning the following labor organization: Teamsters Local 986

Went into closed session at 10:21 a.m.

Came back from closed session at 10:36 a.m.

A-2 Review Comments Received on Proposed Changes to Fare Program (Oral Update)

Mr. Straw stated he wanted to give an update on the proposed fare increase. Staff had five “town hall” meetings in Pismo Beach, San Luis Obispo, Morro Bay, Atascadero and Paso Robles, as well as senior staff presentations to each City Council. In addition, the proposal was presented on our website and on the LCD screens on each bus, with a link to an online survey. Finally, we posted notices at the top 30 bus stops in our service area. We received 60 survey responses. In general, respondents did not express opposition to the proposed increases to the fare cash and multi-ride instruments, and we received positive support for the services we provide and several suggestions for service improvements. The public will have another chance to comment during the November 1 public hearing.

President Compton opened public and board comment.

President Compton closed public and board comment.

4. Action Items

B-1 Consider Fiscal Year 2017-18 Capital Budget Amendment

Ms. Tania Arnold stated that when the fiscal budget is brought to the Board in May there is capital projects from the current fiscal year that we know are not going to be completed but to keep that year whole and make sure we have good numbers forward; we do the budget amendment separately. The following are expenditures that will be carried over to FY17-18. Facility improvements, which are about \$32,000, for facility security improvements at the current transit center and at the new operations facility. Maintenance equipment, we are waiting on FTA approval to expend those funds. Specialized maintenance tools that staff is currently waiting on FTA to proceed with a budget amendment. Vehicle ITS, small amount leftover and it is primarily

for the “next bus” LED signs. We will be carrying over unspent funds from FY16-17 for bus stop improvements, which includes improvements to the current transit center on Osos Street as well as start on the improvements identified in the bus stop improvement plan. Bus rehabilitation carryover funds for capital repairs to the fleet. She stated that we will carryover unspent funds from FY16-17 for the completion of the Elks Lane environmental work as well as the beginning of the design and engineering work. We will also carryover unspent funds for the Paso Yard work, based on the timeline for the construction move is slated in early 2018. The net effect for the above referenced budget adjustments is that there is no financial impact on the jurisdictions.

Ms. Arnold concluded her report.

President Compton opened public and board comment.

Mr. Rodgers stated that he does not see the additional STA funding that was programmed in at the last SLOCOG Board meeting. **Ms. Arnold** stated that she has not put the funds in yet because we are trying to figure out the timing of the projects that would be using those funds, the funding would likely be used in the next fiscal year. We will likely bring a budget amendment in January and may put it as a place-holder in the out year. **Mr. Straw** asked if SLOCOG would rather have those funds spent first. **Mr. Rodgers** stated yes, because we expect them in February. **Vice President Irons** asked what the priority to make sure those funds are spent. **Mr. Rodgers** stated that they are SB-1 funds and have to be on a list to the California Transportation Commission and have to be included in the budget this year. **Mr. Straw** stated that we will bring that to the Board at the meeting.

President Compton closed public and board comment.

Vice President Irons moved approval of action item B-1 and seconded by **Board Member O’Malley**. The motion carried on a voice vote.

B-2 Consider Agreement between RTA and Teamsters Local 986

Mr. Straw stated that staff is asking for the executive committee to support the agreement between RTA and Teamsters Local 986 and allow staff to bring it to the Board for approval.

Mr. Straw concluded his report.

All were in favor and the motion carried on a voice vote.

5. Consent Agenda Items

C-1 Executive Committee Meeting Minutes of August 9, 2017

Vice President Irons moved approval of consent agenda and seconded by Board Member O'Malley. The motion carried on a voice vote.

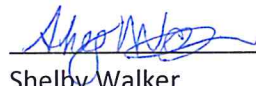
6. **Agenda Review:**

Mr. Straw reviewed RTA Board Agenda items for the November 1st meeting.

7. **Adjournment:** President Compton adjourned RTA Executive Committee meeting at 10:47 a.m.

Respectfully Submitted,

Acknowledged by,



Shelby Walker

Administrative Assistant



Lynn Compton

RTA President 2017

DRAFT
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
MINUTES OF NOVEMBER 1, 2017
C-2

BOARD MEMBERS PRESENT:

JAMIE IRONS, CITY OF MORRO BAY (Vice President)
DEBBIE ARNOLD, FIFTH DISTRICT, COUNTY OF SAN LUIS OBISPO
TIM BROWN, CITY OF ARROYO GRANDE
BRUCE GIBSON, SECOND DISTRICT, COUNTY OF SAN LUIS OBISPO
TOM O'MALLEY, CITY OF ATASCADERO
CARLYN CHRISTIANSON, CITY OF SAN LUIS OBISPO
JOHN PESCHONG, FIRST DISTRICT, COUNTY OF SAN LUIS OBISPO
JOHN SHOALS, CITY OF GROVER BEACH
FRED STRONG, CITY OF PASO ROBLES
ED WAAGE, CITY OF PISMO BEACH

BOARD MEMBERS ABSENT:

ADAM HILL, THIRD DISTRICT, COUNTY OF SAN LUIS OBISPO
LYNN COMPTON, FOURTH DISTRICT, COUNTY OF SAN LUIS OBISPO (President)

STAFF PRESENT:

GEOFF STRAW, EXECUTIVE DIRECTOR
TANIA ARNOLD, DEPUTY DIRECTOR AND CFO
TIM MCNULTY, SAN LUIS OBISPO COUNTY COUNSEL
SHELBY WALKER, ADMINISTRATIVE ASSISTANT
MARY GARDNER, MARKETING & COMMUNITY RELATIONS MANAGER
LESLIE SANCHEZ, HUMAN RESOURCES OFFICER
MICHAEL SEDEN-HANSEN, SPECIAL PROJECTS COORDINATOR
PHIL MOORES, OPERATIONS MANAGER
LARRY BRAY, BUS OPERATOR
ALISON MCCULLOUGH, BUS OPERATOR

CALL TO ORDER AND ROLL CALL: Vice President Jamie Irons called the meeting to order at **8:30 a.m.** A roll call was taken and a quorum was present.

Public Comments: Mr. Eric Greening, Atascadero, continues to enjoy the excellent services that RTA provides. He stated that he wanted to let the Board and public know that the draft environmental impact report for the Cal Poly Master Plan will be open for public comment starting November 6, 2017 and ending on December 20, 2017. It will affect a lot of transit and transportation issues, the buses

would no longer be allowed to loop through the campus and instead there would be shuttles from the bus stops. The SLOCOG December 6, 2017 meeting is in the mist of that comment period, and he suggest that someone from the project be present at the meeting to field questions. He also stated that he hopes comments will be made asserting the needs for public transportation in the plan.

D. CLOSED SESSION ITEMS – CONFERENCE WITH LEGAL COUNSEL: It is the intention of the Board to meet in closed session concerning the following items:

D-1 Conference with Labor Negotiator Geoff Straw concerning the following labor organization: Teamsters Local 986

The RTA Board went into Closed Session at **8:35 a.m.** and returned to Open Session at **8:41 a.m.**

Counsel **Mr. Tim McNulty** stated that the Board met in closed session to discuss the recent labor negotiations with Teamsters Local 986 and there was no action taken in the closed session.

A. INFORMATION AGENDA:

A-1 Executive Director's Report: **Mr. Geoff Straw** stated that the 3rd Annual Bus Roadeo was conducted on October 15th. We had a great turnout and the Central team was the overall team winner. He thanked the sponsors Teamsters Local 986 for its generous donation and staffing for the BBQ. The SLO County Sherriff's Department and members from our benefits providers were also on-hand to give information to attendees. Finally, Rite-Aid Pharmacy provided flu-shots and general health information. I also wish to thank all of the volunteer judges, including over 20 Cal Poly student.

The Employee of the Quarter luncheon was Tuesday October 31st at the RTA Operating facility. **Mr. Straw** invited Mr. Phil Moores up to present the EOQ to the Board. **Mr. Moores** stated that **Ms. Alison McCullough** is an employee who is also there to help out and always does it with a smile. **Ms. McCullough** stated that she wanted to thank RTA for the various programs they have, it makes the bus operators feel appreciated. **Mr. Moores** continued by stating that **Mr. Larry Bray**, long time RTA bus operator, is retiring after working for RTA and the prior contractor for nearly ten years. **Mr. Bray** has also served as a Union Steward. He will be missed and we wish him well in retirement. **Mr. Bray** stated that he would like to thank the RTA Board for all their insight on the RTA management team, you have built an excellent team. He is hopefully that the new contract will bring even bigger and better things to come in serving our public.

Mr. Straw continued is report by stating that the 30-day protest period on the CEQA Initial Study – Mitigated Negative Declaration report for the Maintenance Facility report officially opened on September 8th and no protests were filed by the October 8th deadline. On September 29th, the Federal Transit Administration sent the concurrence letter providing a Categorical Exclusion finding for the project. The project is now officially entitled from an environmental review standpoint, and we are pleased that SLOCOG has agreed to dedicate the first year's allocation of SB-1 funds to this important project. He mentioned that SoCo Transit Board directed RTA to further investigate consolidation options at their October 18, 2017 Board meeting.

He stated that we received eight bids for the Paso Bus Parking Yard construction project, and Calportland Construction submitted the lowest-cost responsive bid. The good news is that their \$613,480 bid was well below the \$801,600 engineer's estimate. The project has a 75-day construction period, although the modular office trailer will not be delivered until April. Construction will begin November 6, 2017. The City of San Luis Obispo has authorized the improvements to the Government Center passenger facility, including elimination of two existing on-street automobile parking spaces along Osos. We are finalizing design-build procurement documents, and will begin the solicitation process later this month.

Staff conducted a series of public input opportunities to solicit comments on the proposed fare increase, and we will discuss that in more detail we go over the agenda item. To bolster customer input opportunities, we have conducted on-board passenger surveys, employee surveys, and an online survey as part of our biennial Customer Perception Survey. These efforts were conducted throughout October, and will include all services directly operated or managed by the RTA.

He stated that RTAC met on October 19, 2017 and recommends approval of the capital budget amendment and the proposed fare program change that your Board will consider later today.

In terms of overall non-capital expenses, we are slightly below budget – 21.8% through 25% of the fiscal year. Notable large-tickets variances include labor, fuel, and total vehicle maintenance, which are all below budget currently. He stated that RTA core fixed-route ridership is down 5.8%. Interestingly, weekday ridership is down on all four fixed routes. The Route 9 service on weekends experienced increased ridership year over year. Route 14 is down 54%; we will investigate further and include our campus partners in the discussion. Runabout ridership is 7.5% lower than the total from the first three months of the previous year.

Mr. Straw stated that **Mr. Omar McPherson** was elected to the CalACT Board of Directors.

Mr. Straw concluded his report.

Vice President Irons opened Board and public comment.

Mr. Greening, Atascadero, said he would to congratulate those that we are honoring today. He also stated he would like to extend his congratulations to **Mr. McPherson**; CalACT is wonderful and gives a voice to smaller transit organizations. In regards to the work at Osos and Palm, we may find ourselves in construction during the rainy season; he asked what will be the accommodations for riders in regards to shelters if that was the case. He also asked if the Route 14 decreases were in lower going one direction over the other, and there seems to be some redundancies with timing with Route 12. **Mr. Straw** stated that the design of the government center improvements would start in January or February and hopefully finish up in May and the construction would happen in Summer 2018, which would past the rainy season. We will be making sure passenger amenities are provided during the construction period. We will look at the directionality of the Route 14 and work closely with our Cuesta College partners.

Board Member Fred Strong stated that he hopes that with information given about the decrease in the Route 14 ridership for Cuesta College, that it will be applied to the Cal Poly Master Plan response. **Mr. Straw** stated that he has been working on with Cal Poly staff on the plan for quite some time; we will stay involved and will also have comments to submit on the draft EIR.

Vice President Irons closed Board and public comment.

B. ACTION AGENDA:

B-1 Consider Fiscal Year 2017-18 Capital Budget Amendment: **Ms. Tania Arnold** stated that the FY2017-18 RTA operating and capital budget was adopted on May 3, 2017 and was based on a range of assumptions, including pending delivery dates for FY16-17 and FY17-18 capital projects. The net effect for the above referenced budget adjustments results in no financial impact on the jurisdictions. She also noted that there is one additional funding source, SB-1 funding.

She first went over the revenue changes. The Beginning Fund Balance is increased based on FY16-17 STA for capital projects not completed. LCTOP funds will be carried over based on the timeline for the construction of the new operations facility in Paso Robles with move in slated in early 2018. Proposition 1B Funding - Safety and Security will be carried over due to delays in the implementation of vehicle ITS as well as funding for facility security improvements. STA SB 1 Augmentation is a new funding source and will be used for the RTA design and engineering of the garage facility on Elks Lane. Lastly, there is a variety of FTA 5307 funds and a small amount of FTA 5339 being carried over.

Ms. Arnold then went over the expenditure changes. Funds for facility security improvements at the current transit center and at the new operations facility and maintenance equipment will be carried over. She stated that staff is currently waiting on FTA to proceed with a budget amendment for specialized maintenance tools. There will be vehicle ITS carryover of unspent amount from FY16-17 for “next bus” LED signs. Unspent funds from FY16-17 for improvements to the current transit center on Osos Street as well as start on the improvements identified in the bus stop improvement plan will be carried over as well as funds for capital repairs to the fleet. We will carryover unspent amount from FY16-17 and add new SB 1 funds for the completion of the Elks Lane environmental work as well as the beginning of the design and engineering work. The unspent amount from FY16-17 for the Paso property Improvements based on the timeline for the construction.

Ms. Arnold concluded her report.

Vice President Irons opened Board and public comment.

Vice President Irons closed Board and public comment.

Board Member Tom O’Malley moved to approve the Agenda Item B-1. **Board Member Strong** seconded, and the motion carried on a roll call vote.

B-2 Approval of an Agreement between RTA and Teamsters Local 986: **Mr. Straw** stated that a copy of the agreement has been provided in the Board packet. Teamsters Local 986 represents the Bus

Operators, Mechanics and Utility Workers employed by RTA. The proposed agreement was reached after the RTA and Teamsters met, conferred and negotiated in good faith concerning wages, benefits and other conditions of employment required by the Meyers-Milias Brown Act, as well as the RTA Employer-Employee Relations Policy. The contract term would take effect on January 1, 2018 and would expire on December 31, 2021. The tentative agreement was ratified by the employees that are represented by the Teamsters on September 19, 2017. In order to implement the collective bargaining agreement, it must now be approved by the Board.

Vice President Irons opened Board and public comment.

Mr. Lynn Swenson, Local Teamster 986, thanked the Board for the public service. He stated that the quality of the offer is beneficial to the bus operators, mechanics, and utility workers. He said he would like to thank **Mr. Bray** for being a steward for the Local Teamsters 986, he will be missed at the meetings and hopes he comes and visits.

Mr. Greening, Atascadero, stated he always says that the bus operators should be paid for being the public safety professionals that they are. He said he has been on a bus a number of times where the operator made a skilled decision that prevented an accident. He urges the Board to ratify the agreement. He stated that he did not see anything about what happens if the operators are called in to drive in emergency situations and wondered if it should be included in the agreement.

Board Member Strong congratulated everyone involved in making this agreement happen, you all did excellent work.

Board Member Tim Brown stated that the four-year term gives stability and it is very impressive.

Vice President Irons closed Board and public comment.

Board Member Strong moved to approve the Agenda Item B-2. **Board Member Bruce Gibson** seconded, and the motion carried on a voice vote.

B-3 PUBLIC HEARING: Consider Proposed Changes to Fare Program: **Mr. Straw** stated that we will be doing a public hearing for the proposed fare increase program. When the RTA Board adopted the FY17-18 annual budget at its May 2017 meeting, it assumed a net increase of 5% in annual fare revenues, or roughly \$65,690.

He mentioned that staff did a wide range of public outreach to get input from the community. Public workshops around the county were held to present the proposed fare changes and seek comments. This included outreach at nearby transit centers when buses were arriving and/or departing during the time the workshop was being held. Staff also conducted an online survey, which was promoted thorough on-bus LCD screens, the RTA website, social media, and notices at the top 30 bus stops. The majority of the survey responses were from passengers who ride three or more times per week. Most respondents have other transportation options and ride our buses in lieu of driving. They also feel the RTA provides good value. A variety of requests were submitted for additional service, adjustments to specific fare types and

additional lighting at bus stops. Lastly, senior staff made presentations to each City Council in September.

Mr. Straw then went over the fare table of the proposed fare increases by fare category in comparison to the current fare on RTA fixed-route services. He mentioned that for seniors, youth and disabled riders the rate would continue to be half-the general public fare, rounded to the nearest single-coin level.

He stated that at its November 2014 meeting, the RTA Board adopted a new Runabout fare program that normalized this twice-the-fixed-route-cash-fare scenario, while also capping the maximum one-way fare at twice the Regional Day Pass price. That new Runabout fare policy was implemented in February 2015. Staff recommends that this same mechanism be used. Staff will send a letter to each Runabout rider during November explaining the fare changes effective December 31, 2017 if adopted today. The ADA permits agencies to set fares for “premium” services – those that go beyond the complementary ADA paratransit service requirements – at a usual and customary rate. RTA currently provides subscription service to clients on Runabout vans, and we bill the TCRC broker monthly. The rate of \$17.25 per passenger-trip should be considered by the RTA Board as our premium-service rate on Runabout, which is the same annual rate paid to Ride-On for their TCRC services in FY16-17.

He stated that staff recommends the Board approve the new fare program for RTA fixed-route, base Runabout services, and premium Runabout services, as indicated in the staff report.

Mr. Straw concluded his report.

Vice President Irons opened Board and public comment.

Board Member Bruce Gibson stated that if the minimum fixed route cost is \$1.75 shouldn't the minimum Runabout cost go to \$3.50. **Mr. Straw** stated that the single-zone fare within the Paso Express, SoCo Transit and SLO Transit service areas would remain at \$3.00, since the fixed route base cash fare would remain \$1.50.

Board Member Debbie Arnold asked that with the gas prices going up do we expect to see an increase in ridership. **Mr. Straw** stated we are hopeful but it will not make a big impact.

Mr. Greening, Atascadero, stated that many of the conversations that he has had with other riders they ask if the fare increase helps the bus operators, he is happy to say it does in some ways. It is a modest increase and will be felt the most by the more casual riders. He expects to see an increase in the lines getting on the bus due to fumbling of change. Encourages the Board to support the fare increase.

Vice President Irons closed Board and public comment.

Board Member Gibson moved to approve the Agenda Item B-3. **Board Member Strong** seconded, and the motion carried on a voice vote.

C. CONSENT AGENDA:

C-1 Executive Committee Meeting Minutes of August 9, 2017 (Information)

- C-2 RTA Board Meeting Minutes of September 6, 2017 (Approve)
- C-3 RTAC Minutes of July 18, 2017 (Information)
- C-4 Transit Asset Management Plan and Target (Approve)

Board Member O'Malley moved to approve the Consent Agenda. **Board Member Strong** seconded, and the motion carried on a voice call vote.

BOARD MEMBER COMMENTS: **Board Member John Shoals** stated that he remembers being on the Board when the decision was made to bring the contracted services in-house. It was best decision that was made and the new CBA contract is a great example of that.

ADJOURNMENT: **Vice President Irons** adjourned RTA meeting at **9:33 a.m.**

Respectfully Submitted,

Shelby Walker

RTA Administrative Assistant

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

January 3, 2018

STAFF REPORT

AGENDA ITEM: C-3

TOPIC: Federal FY 2018 Certifications and Assurances for Federal Transit Administration Assistance Programs

ACTION: Approve

PRESENTED BY: Omar McPherson, Grants and Financial Manager

STAFF RECOMMENDATION: Authorize Executive Director and Counsel to execute and submit the 2018 Certifications and Assurances to the appropriate agencies on behalf of RTA

BACKGROUND/DISCUSSION:

Each year, the California Department of Transportation (Caltrans) and RTA must recertify to the Federal Transit Administration (FTA) that all applicable Federal requirements are adhered to when administering Federal grants. To this end, Caltrans and RTA obtain certification from sub-recipient agencies that they too will comply with applicable Federal requirements.

RTA needs to execute and submit the 2018 Certifications and Assurances document to the appropriate agencies to remain an eligible grantee and sub-recipient of FTA funds. RTA fulfills this requirement annually and ensures that these Federal requirements are followed.

RECOMMENDATION:

Staff recommends the Board authorize the Executive Director and Counsel to execute and submit the 2018 Certifications and Assurances to the appropriate agencies on behalf of RTA.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY (RTA)

JANUARY 3, 2018

STAFF REPORT

AGENDA ITEM: C-4

TOPIC: FTA 5307, 5339 and CMAQ Grant Administration

ACTION: Approve

PRESENTED BY: Omar McPherson, Grants and Financial Manager

STAFF RECOMMENDATION: Authorize Executive Director to Administer FTA Grants on Behalf of North County and South County Area Transit Agencies

BACKGROUND/DISCUSSION:

The cities of Atascadero and Paso Robles and certain limited populations of northern San Luis Obispo County were designated as an “urbanized area” based upon the results of the 2000 US Census. In addition, the cities of Arroyo Grande, Grover Beach and Pismo Beach and certain limited populations of southern San Luis Obispo County area were designated as an urbanized area based on the results of the 2010 US Census. The transit agencies and the San Luis Obispo Council of Governments developed two Operators Agreements relative to the governance and transit planning needs of these two urbanized areas as they relate to Federal Transit Administration (FTA) Section 5307, 5339 and CMAQ funding eligibility. These Agreements allow the transit agencies to use these FTA funding sources for capital, operating, and planning assistance. However, the FTA requires that there be a single “grant recipient” who will perform grant administration activities for each urbanized area. For the benefit of all transit agencies included in these two urbanized areas, the RTA has served the role of Grant Recipient.

For the RTA to continue serving as the administrator of FTA Section 5307, 5339 and CMAQ grant funding on behalf of the cities of Atascadero and Paso Robles, as well as for South County Transit, FTA requires the Grant Recipient (RTA) to have access to the new electronic grants management programs: Transit Award Management System (TrAMS) launched in February 2016. For this reason, the attached resolution is required.

Staff Recommendation

Approve the attached resolution requesting FTA to give RTA representative access to TrAMs to administer FTA Section 5307, 5339 and CMAQ grants based on the Operators Agreement between SLOCOG, the cities of Atascadero and Paso Robles, and the RTA, as well as the Operator Agreement between SLOCOG, South County Transit and the RTA.

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 18-_____**

**RESOLUTION AUTHORIZING THE FILING OF APPLICATIONS WITH THE
FEDERAL TRANSIT ADMINISTRATION, AN OPERATING ADMINISTRATION OF
THE UNITED STATES DEPARTMENT OF TRANSPORTATION, FOR FEDERAL
TRANSPORTATION ASSISTANCE AUTHORIZED BY 49 U.S.C CHAPTER 53 TITLE
23 UNITED STATES CODE AND OTHER FEDERAL STATUTES ADMINISTERED BY
THE FEDERAL TRANSIT ADMINISTRATION**

WHEREAS, the Federal Transit Administration (FTA) has been delegated authority by the United States Department of Transportation to award Federal financial assistance for transit projects; and

WHEREAS, a grant or cooperative agreement for Federal financial assistance will impose certain obligations upon the San Luis Obispo Regional Transit Authority (RTA), and may require RTA to provide the local share of the project cost; and

WHEREAS, RTA has or will provide all annual certifications and assurances to the FTA required for the projects included in a grant application; and

WHEREAS, RTA as the Grantee will file and execute applications on behalf of the cities of Atascadero and Paso Robles, as well for South County Transit, as sub-recipients of FTA Section 5307, 5339 and CMAQ funds required for the identified projects.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Board of Directors of the San Luis Obispo Regional Transit Authority:

1. Authorize the Executive Director or designee to execute and file applications for Federal assistance on behalf of RTA with the FTA for Federal Assistance authorized by 49.U.S.C. Chapter 53, Title 23, United States Code, or other Federal statutes authorizing a project administered by the FTA and has received authority from the San Luis Obispo Council of Government, San Luis Obispo, California, the Designated Recipient, to apply for Urbanized Area Formula Program Assistance authorized by 49 U.S.C. 5307, 5339 and CMAQ transferred and administered as 5307.
2. Authorize the Executive Director or designee to execute and file with its application the annual Certifications and Assurances required by the FTA before awarding a Federal assistance grant or cooperative agreement.
3. Authorize the Executive Director or designee to execute and file such applications, assurances or any other documents required by FTA for the purpose of complying with Title VI of the Civil Rights Act of 1964.

4. Authorize the Executive Director or designee to furnish such additional information as the FTA may require in connection with the program of projects identified in applications.
5. The President of the RTA Board of Directors is authorized to execute grant and cooperative agreements with the FTA on behalf of RTA.

Upon motion of Director _____, seconded by Director _____, and on the following roll call, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby passed and adopted by the San Luis Obispo Regional Transit Authority of San Luis Obispo County, State of California, at a regular meeting of said Board of Directors held on the 3rd day of January 2018.

Lynn Compton
President of the RTA Board of Directors

ATTEST:

Geoff Straw
RTA Executive Director

APPROVED AS TO FORM AND LEGAL EFFECT:

Timothy McNulty
County Counsel

By: _____
RTA Legal Counsel

Dated: _____
(Original signature in BLUE ink)

January 3, 2018

**DESIGNATION OF SIGNATURE AUTHORITY
for the
TRANSIT AWARD MANAGEMENT SYSTEM
(TrAMS)**

The San Luis Obispo Regional Transit Authority hereby authorizes the Executive Director, the Deputy Director/Chief Financial Officer, the Grants and Financial Manager, and the Legal Counsel to be assigned, and to use a Personal Identification Number (PIN) in TrAMS, for the execution of annual Certification and Assurances issued by the Federal Transit Administration (FTA), submission of all FTA grant applications, and the execution of all FTA grant awards, on behalf of the official below and on behalf of San Luis Obispo Regional Transit Authority. This Designation of Signature Authority serves only to authorize the above-referenced persons to take actions in TrAMS; original Certifications and Assurances and original FTA grant agreements must be executed by the Recipient's Designated Official, identified in its Authorizing Resolution, and its legal counsel, unless otherwise delegated in accordance with the Recipient's internal procedures.

Geoff Straw
RTA Executive Director

Tim McNulty
RTA Legal Counsel

SAN LUIS OBISPO REGIONAL TRANIST AUTHORITY
JANUARY 3, 2018
STAFF REPORT

AGENDA ITEM: C-5

TOPIC: Resolution Authorizing Executive Director to Submit Application for Rural Transit Funds

ACTION: Approve

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Adopt Resolution

In 2003, the San Luis Obispo Council of Governments and RTA agreed to exchange Federal Transit Administration (FTA) Section 5311 funds for Transportation Development Act (TDA) funds to create the local Rural Transit Fund Program. The new program included the same eligibility of recipients and projects as the Section 5311 program, and made the access and availability of funds much easier for the rural transit operators, including RTA.

There is an estimated \$443,000 available for fiscal year 2018-19. Eligible recipients of the rural transit funds include the RTA, the City of Morro Bay, and San Luis Obispo County. Grants are due to SLOCOG by February 9, 2018.

Staff Recommendation

Approve the attached resolution authorizing the Executive Director to submit a grant application of up to \$443,000 for the purchase of various materials, supplies, equipment, and/or operations costs.

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 18-_____**

**A RESOLUTION OF THE SAN LUIS OBISPO REGIONAL TRANSIT
AUTHORITY BOARD OF DIRECTORS,
AUTHORIZING SUBMITTAL OF A GRANT APPLICATION TO THE
SAN LUIS OBISPO COUNCIL OF GOVERNMENTS
RURAL TRANSIT FUND PROGRAM**

WHEREAS, the San Luis Obispo Regional Transit Authority is under contract to fully administer transit services for the County of San Luis Obispo; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are eligible applicants for Rural Transit Program funds (formerly FTA Section 5311); and,

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are in need of various materials, supplies, and equipment, all of which are eligible for purchase under the Rural Transit Fund Program Policies and Procedures; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo will continue to provide transportation services, including complementary ADA service, in San Luis Obispo County; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are seeking grant funding to optimize the use of local TDA funds provided by the various agencies included in the Joint Powers Agency Agreement; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are requesting up to **\$443,000** from the Rural Transit Fund Program for the purchase of various materials, supplies and equipment including proposed tenant improvements for a maintenance facility.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the San Luis Obispo Regional Transit Authority Board of Directors authorizes the Executive Director to submit a proposal to the San Luis Obispo Council of Governments for the Rural Transit Fund Program of up to **\$443,000** for the purchase of various materials, supplies and equipment.

BE IT FURTHER RESOLVED, that the President of the Board is directed to sign this resolution to authorize the submittal of said funding requests.

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to submit said funding requests.

Upon motion of Director _____, seconded by Director _____, and on the following roll call, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted this 3rd day of January 2018.

Lynn Compton
President of the RTA Board of Directors

ATTEST:

Geoff Straw, Executive Director
San Luis Obispo Regional Transit Authority

APPROVED AS TO FORM AND LEGAL EFFECT:

Rita L. Neal
County Counsel

By: _____
Timothy McNulty, Counsel
San Luis Obispo Regional Transit Authority

Date: _____

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

January 3, 2018

STAFF REPORT

AGENDA ITEM: C-6

TOPIC: Local Government Agency Fleet Card Program

ACTION: Approve

PRESENTED BY: Tania Arnold, Deputy Director/CFO

STAFF RECOMMENDATION: Authorize Deputy Director/CFO to execute and submit the Local Agency Subscription Agreement for Local Government Agency Fleet Card Program

BACKGROUND/DISCUSSION:

RTA currently uses remote fueling locations in Nipomo and Cambria and has agreements with local fuel vendors to use those locations. In working with County staff, as well as staff from the City of Morro Bay, another option was identified to streamline the billing process for the remote fueling.

In addition, staff has reviewed the driver schedule for Route 15 and would like to make adjustments to the fueling location. Implementing this fueling option will allow the Route 15 vehicles to fuel in Morro Bay instead of the County yard near the County jail, saving time and mileage.

RECOMMENDATION:

Staff recommends the Board authorize the Deputy Director/CFO to execute and submit the Local Agency Subscription Agreement for Local Government Agency Fleet Card Program to the appropriate agencies.

State of California Participating Addendum No. 7-16-99-27
Local Agency Subscription Agreement

This Local Agency Subscription Agreement ("**Local Agency Subscription Agreement**") constitutes an agreement to participate under the terms and conditions of the State of California Participating Addendum No. 7-16-99-27 ("**Participating Addendum**") signed July 27, 2016 and entered into by U.S. Bank National Association ("**U.S. Bank**") and the State of California, Department of General Services ("**State**"). This Local Agency Subscription Agreement is entered into by U.S. Bank and the "**Local Governmental Agency**" identified herein, and shall become effective upon signing U.S. Bank ("**Effective Date**").

RECITALS

- A. The State has entered into the Participating Addendum for the purpose of making available a Fleet Card Program as described in the Participating Addendum for use by State of California state agencies and local governmental agencies;
- B. The State is willing to permit Local Governmental Agency to participate in the Fleet Card Program provided that Local Governmental Agency assumes all responsibility and liability for Local Governmental Agency's performance of the terms and conditions of the Participating Addendum as if Local Governmental Agency was the entity signing the Participating Addendum, but Local Governmental Agency shall not be liable for the acts and omissions of the State under the Participating Addendum or this Local Agency Subscription Agreement. The State is not liable for Local Governmental Agency under the Participating Addendum or this Local Agency Subscription Agreement; and
- C. Local Governmental Agency has received a copy of the Participating Addendum from the State, and any amendments thereto, and after a thorough review of the Participating Addendum, desires to participate as a Local Governmental Agency under the Participating Addendum. Participating Addendum No. 7-16-99-27 is incorporated into this Local Agency Subscription Agreement in its entirety and all terms and conditions of the Participating Addendum apply to the Local Governmental Agency.

AGREEMENT

Now therefore, in consideration of the foregoing Recitals, the mutual premises and covenants set forth in the Participating Addendum, which are incorporated herein by reference, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, all parties agree as follows:

- A. **Definitions.** Capitalized terms used in this Local Agency Subscription Agreement and not otherwise defined in this Local Agency Subscription Agreement are used with the same respective meanings attributed thereto in the Participating Addendum.
- B. **Local Governmental Agency Responsibility.** Local Governmental Agency accepts all duties required of Participating Agencies as set forth in the Participating Addendum.
- C. **Financial Information.** In order to determine credit qualifications for Local Governmental Agency, Local Governmental Agency shall provide U.S. Bank with the last three (3) years of audited financial statements with this signed Local Agency Subscription Agreement. Local Governmental Agency shall provide to U.S. Bank annual financial statements thereafter. U.S. Bank will review the financial statements and notify Local Governmental Agency of the approval or decline of its credit qualification. Local Governmental Agency will not be required to provide such financial statements if U.S. Bank can obtain them independently.
- D. **Payment.** Local Governmental Agency shall make payment to U.S. Bank for all Debt incurred by Local Governmental Agency, its Cardholders and Accountholders as provided in the Participating Addendum. "**Debt**" means all amounts charged to a card and/or account including without limitation all amounts related to purchases, fees and other Charges that are owed to U.S. Bank by Local Government Agencies, its Cardholders and Accountholders.
- E. **Warranties.** Local Governmental Agency agrees that the failure of the following warranties to be true during the term of this Local Agency Subscription Agreement shall constitute a material breach.
 - 1) Local Governmental Agency warrants that the financial information and all other information provided to U.S. Bank or its officers, employees, agents, successors, and assigns is true, complete, and accurate and this Local Agency Subscription Agreement constitutes a valid, binding, and enforceable agreement;
 - 2) The transaction contemplated by this Local Agency Subscription Agreement is within the scope of the normal course of business and has received any required further authorization for Local Governmental Agency to be duly bound by this Local Agency Subscription Agreement;
 - 3) The execution of this Local Agency Subscription Agreement and the performance of its obligations under the Local Agency Subscription Agreement are within Local Governmental Agency's powers, have been authorized by all necessary action, and do not constitute a breach of any agreement by Local Governmental Agency with any party;
 - 4) The Local Governmental Agency has and continues to comply with all applicable state and federal statutes, ordinances, rules, regulations, and requirements of governmental authorities as they relate to the use of the Fleet Card or participation in the Fleet Card Program;

- 5) The execution of this Local Agency Subscription Agreement and the performance of its obligations under this Local Agency Subscription Agreement will not cause a breach by Local Governmental Agency of any duty arising in law or equity; and
- 6) At the time of execution of this Local Agency Subscription Agreement, Local Governmental Agency possesses the financial capacity to perform all of its obligations under this Local Agency Subscription Agreement.

F. The notice address for Local Governmental Agency is:

 Attn: _____

G. Authorization. Local Governmental Agency certifies to U.S. Bank that the person executing this Local Agency Subscription Agreement is authorized by Local Governmental Agency in accordance with its organization rules and applicable law to bind Local Governmental Agency to the terms and conditions of this Local Agency Subscription Agreement, including the authority to incur Debt in the name of Local Governmental Agency.

H. Execution. By signing below, the individual(s) signing this Local Agency Subscription Agreement is/are acting in his or her capacity as an authorized signing officer of Local Governmental Agency and not in his or her personal capacity, and certifies and warrants that (1) all action required by Local Governmental Agency organizational documents to authorize the signer(s) to act on behalf of Local Governmental Agency in all actions taken under this Local Agency Subscription Agreement, including but not limited to, the authority to incur Debt on behalf of Local Governmental Agency, has been taken, (2) each signer is empowered in the name of and on behalf of Local Governmental Agency to enter into all transactions contemplated in this Local Agency Subscription Agreement, and (3) the signatures appearing on all supporting documents of authority, if any, are authentic.

I. Reliance. Local Governmental Agency has read, understands and agrees to all terms and conditions in this Local Agency Subscription Agreement and the Participating Addendum, and U.S. Bank is entitled to act in reliance upon the authorizations and certifications set forth herein.

IN WITNESS WHEREOF the parties have executed this Local Agency Subscription Agreement by their authorized representatives.

Dated this _____ day of _____, 20____ By Local Governmental Agency: _____ (Name) _____ (Signature of Authorized Signer) _____ (Printed Name of Authorized Signer) _____ (Printed Title of Authorized Signer)	Dated this _____ day of _____, 20____ By U.S. Bank: U.S. Bank National Association _____ (Signature of Authorized Signer) Michael C. Leppones (Printed Name of Authorized Signer) Vice President (Printed Title of Authorized Signer)
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Approved as to form:

 (Signature of Attorney for Local Governmental Agency)

 (Printed Name of Attorney)