

TO: James L. App, City Manager

FROM: Jim Throop, Administrative Services Director

SUBJECT: North County Transit Service Consolidation

DATE: April 16, 2013

NEEDS: For City Council to consider a Term Sheet outlining the planned merger of the City's public transit service with the San Luis Obispo Regional Transit Authority (SLORTA).

- FACTS:
1. The North County Transit Plan (NCTP) of 2012, initiated by the San Luis Obispo Council of Governments (SLOCOG), recommended the consolidation of Fixed-Route transit services in Paso Robles and Atascadero, and Dial-A-Ride services in Paso Robles, under SLORTA.
 2. Consolidation is expected to maintain the current level of transit service in the North County, while reducing costs by approximately \$325,000 annually. Savings would be split between the cities of Paso Robles and Atascadero.
 3. The Paso Robles City Council, at their April 3, 2012 meeting, approved the NCTP in concept.
 4. Transit and administrative staff from SLOCOG, the County of San Luis Obispo, RTA and the cities of Atascadero and Paso Robles subsequently drafted a Term Sheet to guide the consolidation (currently planned for May, 2014).
 5. The Term Sheet is not a binding agreement, and may be modified further. Endorsement, in concept, is being sought to confirm direction prior to final revisions and adoption.
 6. The distribution of the cost savings resulting from the consolidation between the cities of Atascadero and Paso Robles has been a matter of ongoing discussion. Direction is needed from the Council on how the savings should be divided. The current draft Term Sheet recommends a split of 53%/47% for Atascadero and Paso Robles, respectively. The Atascadero City Council has endorsed a 55%/45% Atascadero/Paso Robles split, and the City can recommend this distribution as well. The difference between these two is approximately \$6,500.
 7. Savings from consolidation could be used to fund increased transit services, such as additional RTA Route 9 express trips between Paso Robles and SLO, local services in Paso Robles, or for other purposes suitable for TDA funds.

ANALYSIS &

CONCLUSION: Transit service consolidation will maintain current levels of transit service at a lower cost. For the planned consolidation to proceed, a savings distribution formula must be approved by the participating parties.

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FISCAL

IMPACT:

Projected savings for the City of approximately \$160,000 annually in the provision of transit services, with exact amounts dependent on the distribution of cost savings and actual operational costs at the time of consolidation.

OPTIONS:

- A. Adopt resolution 13-xxx, approving the Term Sheet, in principle, and recommend an acceptable distribution of the savings, and potential use of those savings, resulting from transit consolidation, with the understanding that the finalized Term Sheet will be submitted for approval by to the City Council, or
- B. Amend, modify, or reject the above option.

Attachments:

#1 Draft Term Sheet

#2 Resolution

Term Sheet, North County Transit Consolidation *(revised March 22, 2013)*

- Parties**
- City of Atascadero (Atascadero)
 - City of El Paso de Robles (Paso Robles)
 - County of San Luis Obispo (County)
 - San Luis Obispo Regional Transit Authority (RTA)
 - San Luis Obispo Council of Governments (SLOCOG)
- Oversight**
- Effective July 1, 2013, each of the parties will designate two representatives to serve on the new North County Policy Oversight and Technical Committee, which supersedes the North County Urbanized Area Technical Committee formed in mid-2003. One of those two representatives will serve as the regular designee; the other representative will serve as an alternate if the regular designee is not able to attend regular meetings or participate in teleconferences.
- Purpose**
- To set forth the roles, responsibilities and financial commitments in connection with the implementation of consolidated fixed route local and regional service in North San Luis Obispo County.
 - This Term Sheet reflects the intentions of all parties to proceed with implementation of the preferred option known as Alternative 3B, defined in the 2012 North County Transit Plan. Alternative 3B consists of consolidated fixed route services in North County and Dial-A-Ride services in Paso Robles to be operated by RTA.
 - This Term Sheet will serve as the platform for a Memorandum of Understanding (MOU) to be approved by the governing boards or city councils of each of the parties.
- Term of Agreement**
- The MOU shall cover a minimum of a five-year timeframe. The MOU shall be effective on May 1, 2014 and shall continue, until or unless terminated earlier as provided herein. RTA will furnish sufficient personnel to complete all phases of the tasks. The service performance will be evaluated each year. The MOU will be automatically extended annually starting on July 1, 2019, unless it is terminated as described below.
 - Either party may terminate the MOU at any time by giving the other party One Hundred Eighty (180) days written notice of such termination. Termination shall have no effect upon the rights and obligations of the parties arising out of the transaction occurring prior to the effective date of such termination. RTA

Term Sheet, North County Transit Consolidation *(revised March 22, 2013)*

Term of Agreement (Continued)

shall be paid for all work satisfactorily completed prior to the effective date of such termination.

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

Sharing of Cost-Savings

- A total of \$364,379 is projected to be saved if all North County services are operated under RTA. The City of Atascadero will retain operation of its Dial-A-Ride; so \$38,000 is reduced from the calculated savings. The net cost savings is agreed to be \$326,379.
- The \$326,379 reduced costs will be split 47% to Paso Robles (\$153,398) and 53% to Atascadero (\$172,980).
- North County services will be funded by a variety of sources including FTA Section 5307, Small Transit Intensive Cities (STIC), TDA, STA and a subsidy from Cuesta College in addition to Passenger Fares.
- A portion of the overall annual cost savings (or costs deferred) not to exceed \$50,000 in the first fiscal year shall be used to fund one additional Route 9 express roundtrip in the first year the new service is implemented in FY 2014/15; this annual funding would be provided by the North County jurisdictions for the life of the MOU. In the first year of the consolidation, the remaining net saving would be \$276,379, which would be split 47% to Paso Robles (\$129,898) and 53% to Atascadero (\$146,481).
- Ridership and financial data for this additional new express run will be monitored and reported electronically by RTA to the North County Urbanized Technical Committee on a quarterly basis. In the 2nd year, FY 2015/16, another express run would be introduced assuming it is justified by ridership demand and agreed to by all parties.

Term Sheet, North County Transit Consolidation *(revised March 22, 2013)*

**Atascadero
Responsibilities**

- Atascadero agrees to participate on the Policy Oversight and Technical Committee.
- Atascadero shall transfer title of its El Camino Shuttle fleet to RTA.
- Atascadero Dial-A-Ride would continue as a stand-alone service and will be operated by the City of Atascadero. It might incur minor additional administrative costs that will make it more challenging to achieve the newly required 15% farebox recovery ratio. Atascadero has negotiated with SLOCOG on a mutually acceptable reduced farebox ratio effective July 1, 2013. As part of the phased implementation and after the first full fiscal year in operations with the consolidated fixed route plan, the RTA, SLOCOG and the City will review the service quality and performance of both Atascadero (in house program) and Paso Robles Dial-A-Ride (under the new RTA operation). Based on the evaluation to the end of June 2015, Atascadero may consider transitioning the Atascadero Dial-A-Ride to RTA.

**Paso Robles
Responsibilities**

- Paso Robles agrees to participate on the Policy Oversight and Technical Committee.
- Paso Robles shall transfer title of its vehicles to RTA, which will operate them in North County. Vehicles determined to be surplus may be liquidated with the consent of both Paso Robles and RTA.
- The Paso Robles Dial-A-Ride (DAR) is subject to the recently agreed upon 15% farebox recovery ratio.
- Paso Robles understands TDA exemptions for meeting minimum farebox recovery ratios; in the event its DAR became a specialized service dedicated to seniors and disabled, the mandated farebox recovery ratio would be lowered by SLOCOG from 15 to 10%.

**County
Responsibilities**

- County agrees to participate on the Policy Oversight and Technical Committee.

Term Sheet, North County Transit Consolidation *(revised March 22, 2013)*

RTA Responsibilities

- RTA agrees to participate on the Policy Oversight and Technical Committee.
- RTA will need two new positions to operate all fixed route services in North County and general public DAR services in Paso Robles; a Transit Supervisor and Road Supervisor. Since the Transit Supervisor position will have similar roles and responsibilities to the Paso Robles Transit Services Coordinator position, RTA will negotiate with Paso Robles to transfer the majority of the salary and benefits costs to RTA. The two positions should be filled before the end of the second half of FY13-14, several months in advance of the start of the service consolidation when the new service is scheduled for implementation preferably in May 2014. A Hiring Committee will be formed by RTA in February 2014 and include representatives from Atascadero, Paso Robles, County, RTA and SLOCOG to fill the Transit Supervisor position.
- To the extent possible under the RTA's Collective Bargaining Agreement with Teamsters Local 986, priority for the staffing of driver positions on local Paso Robles routes should be given to current drivers of these routes, provided the current drivers possess all qualifications required by RTA.
- RTA will develop a plan for where and how the North County fleet will be maintained after it is transferred to RTA. Factors to consider include costs (maintenance costs/mile, deadhead mileage, storage, service deployment (fixed route and Dial-A-Ride) and other special circumstances). Atascadero, Paso Robles and RTA must agree to this plan.
- RTA will collect data and prepare electronic quarterly reports documenting key performance indicators agreed to by all parties. The Policy Oversight and Technical Committee shall monitor the service. If warranted, the parties shall mutually agree to make modifications to the service.

SLOCOG Responsibilities

- SLOCOG agrees to participate on the Policy Oversight and Technical Committee.

Miscellaneous

- Planning – The service schedules for local, regional and express routes will be finalized including agreed upon service levels within each jurisdiction. The proposed bus stops for the regional and express service will be identified.

Term Sheet, North County Transit Consolidation *(revised March 22, 2013)*

Miscellaneous (Continued)

- Fares – The full base fare on local fixed route service in Paso Robles and on the Atascadero Saturday Traveler will be \$1.50 in the initial years of the transition. A 50% discount will be offered to eligible seniors and people with disabilities. The RTA Route 9 fares are distance-based and range between \$1.50 and \$3.00. The RTA 31-day passes will be accepted on the local North County services; those will replace current 31-day or monthly passes on the municipal systems and eliminate the requirement to secure Regional 31 day passes in order to travel across systems. Also part of the service integration will be acceptance of discount passes for K-12 students. It is expected that the free ride program for Cuesta students and staff will remain in place for all North County transit services.
- Vehicles – All future replacement and expansion vehicles needed exclusively for North County transit services will be partially funded using State or Federal funds; the local share by jurisdiction will be negotiated as part of the annual budget-making process.
- Other Capital Equipment – Bus stop signs, benches and other required minor capital equipment projects will be developed as part of the annual RTA capital budget-making process. Minor capital project costs will be shared between Atascadero, Paso Robles, County and RTA; the proportional jurisdiction amounts will be negotiated as part of the annual capital budget-making process. All four entities will partner on seeking non-TDA funds to fully implement these minor capital projects. RTA will be responsible for the cleaning and maintenance of all local transit passenger amenities.
- Marketing – Marketing activities, promotional materials, printed schedules, etc. will be developed cooperatively by Regional Rideshare/SLOCOG, Atascadero, Paso Robles, County and RTA. RTA will have the lead on the marketing program with local input from each City and regional input from Regional Rideshare. Efforts will be made to achieve economies of scale in the design and production costs for the North County transit marketing program. This may entail cost sharing involving RTA and Regional Rideshare.
- Policy Oversight and Technical Committee – The North County Urbanized Technical Committee formed for the North County Transit Plan will continue to function as the lead body for planning and oversight of the consolidated services. The

Term Sheet, North County Transit Consolidation *(revised March 22, 2013)*

Miscellaneous
(Continued)

Committee shall consist of staff from Atascadero, Paso Robles, County, RTA and SLOCOG. The Committee will review and monitor the service and make recommendations to the RTA Board regarding any changes to the consolidated fixed route and dial-a-ride services, fares and other important elements. The RTA Board has final decision-making authority.

- Amendment – The MOU may be amended by the written consent of all parties.

RESOLUTION NO. 13-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING A TERM SHEET, IN PRINCIPLE, FOR CONSOLIDATED TRANSIT
SERVICES IN THE NORTH COUNTY

WHEREAS, the North County Transit Plan recommended the consolidation of transit services in the North County, and

WHEREAS, a draft Term Sheet on the consolidation has been prepared by staff of the cities of El Paso de Robles and Atascadero, the San Luis Obispo County Regional Transit Authority (SLORTA), the San Luis Obispo Council Of Governments (SLOCOG), and the County of San Luis Obispo, and

WHEREAS, approval of this Term Sheet, in principle, will allow the consolidation preparations to proceed,

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the Term Sheet for North County transit service consolidation Term Sheet is approved in principle, with a recommended cost savings distribution of 55% for the City of Atascadero and 45% for the City of El Paso Robles, with a recommendation that the City of El Paso de Robles' cost savings to be used to fund additional transit services.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 16th day of April, 2013 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Duane Picanco, Mayor

Caryn Jackson, Deputy City Clerk

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THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the Term Sheet for North County transit service consolidation is approved in principle, with a recommended split of savings of 53% for the City of Atascadero and 47% for the City of El Paso de Robles.

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