




TO: Jim Goodwin, City Manager
FROM: Keith Martin, Transit Manager 
DATE: February 5, 2015
RE: Live Oak Transit Service Study Session

Attached for your information and use are the following informational documents for the Live Oak City Council Transit Service Study Session at 6:00 p.m. on Tuesday, February 11, 2015:

- Presentation Outline (Background & Current Issues)
- Historical & Projected Live Oak Service Summary (FY 1993 to FY 2016)
- Current Transit Service Agreement (November 15, 2007)

Feel free to distribute this material prior to the meeting and please let me know if you have any comments or questions or if there is anything else that you would like for me to prepare for the meeting.

See you Tuesday evening!

Live Oak Study Session Presentation

February 11, 2015

As Revised 2-5-15

BACKGROUND

1. Live Oak has had an agreement with Yuba-Sutter Transit for the provision of public transit service since February 1988. This service has varied over time, but it has always been limited in scope offering just one or two round trips three or five days a week between Live Oak and Marysville/Yuba City. The current service which has been in effect since January 2009 offers two round trips every Monday, Wednesday and Friday excluding major holidays.
2. Pursuant to the existing and all past agreements, Live Oak pays Yuba-Sutter Transit the fully allocated cost (including depreciation) per vehicle service hour (VSH), as determined by the most recent fiscal audit, minus any fare revenue received. The rate is currently \$77.72/VSH for FY 2015 which will increase to \$83.66 for FY 2016. Yuba-Sutter Transit has had the same relationship with Wheatland since July 1996.
3. For more than ten years, the primary funding source for this service has been State Transit Assistance (STA) revenues that are available to Live Oak exclusively for transportation planning and mass transportation uses. STA funds are now derived from the sales tax on diesel fuel so the amount varies from year to year, but the Live Oak allocation has averaged approximately \$44,000 over the last three fiscal years.
4. Prior to July 1, 2007, Live Oak was responsible for all Transportation Development Act (TDA) obligations including meeting all unmet transit needs that are reasonable to meet, satisfying the minimum farebox recovery ratio requirement and complying with efficiency standards for the use of STA funds for operating assistance.
5. Prior to this time, the Live Oak service regularly failed to meet the required 10 percent minimum farebox recovery ratio (the percentage of operating cost recovered from passenger fares) which required the city to make up the difference with non-TDA revenue **OR** the required efficiency standard for the use of STA funds for operating assistance as the cost/VSH increased faster than the rate of inflation.
6. To protect the financial interest of the city, preserve at least a minimal level of service and continue to use STA revenue to support this service; Yuba-Sutter Transit assumed responsibility for the service's TDA obligations in exchange for being designated as the claimant for all STA funding available to Live Oak under the terms and conditions of the November 15, 2007 agreement.
7. Through this agreement, Yuba-Sutter Transit agreed to include the Live Oak service in its systemwide farebox recovery ratio; assume sole responsibility for the setting of Live Oak service levels and fares; to meet the unmet transit needs that are reasonable to meet up to the level of STA funding available with any service beyond which

being the sole financial responsibility of the city; and, to exchange any STA funds that may be restricted in the future solely for capital purposes for more flexible funds that can be used for either capital or operating assistance.

8. Since July 1, 2007, the services provided to Live Oak have consistently cost less each year than the amount of STA funding available for that year resulting in a projected balance of \$106,800 of available STA funds as of June 30, 2015.

CURRENT ISSUES

9. Though limited in scope, the Live Oak service has performed rather well in recent years especially compared to Yuba-Sutter Transit's other rural routes. In response, the Live Oak City Council has expressed support for expanding the existing service from three to five days a week while providing additional bus stops along and a new option for direct service to Yuba College's Sutter County Center while traveling between Live Oak and Marysville/Yuba City.
10. With Live Oak support, Yuba-Sutter Transit was awarded a \$10,000 grant from the Feather River Air Quality Management District (FRAQMD) toward the first year cost of a demonstration expansion of the Live Oak service. A draft service plan is scheduled for presentation to the Yuba-Sutter Transit Board of Directors on February 19th. A public hearing on the draft service plan is expected to be held on April 16th with any resulting service changes scheduled for implementation on July 1, 2015.
11. Based on the projected FY 2015 year-end balance of deferred STA revenue, the one year FRAQMD grant and a still rough projection of the net cost of the expanded Live Oak service; STA funding is expected to be adequate to support this new level of service for up to four years assuming ridership reaches a level that supports such an investment. The short-fall between STA funding and the projected operating cost for FY 2016 is expected to be around \$30,000 with the FRAQMD grant covering a third of this deficit, but this short-fall will grow as operating costs increase over time.
12. Without a substantial increase in funding from STA or other sources, the expanded service level will result in a deficit at some point in the future at which time some combination of service reductions, fare increases or Local Transportation Funding (LTF) contributions from the city would be required to close the gap.
13. Any service increase beyond what is currently being proposed would increase the annual deficit, shorten the life of the current STA balance and hasten the need for LTF contributions from the city. For example, an increase in service frequency from two to three daily revenue service round trips would increase annual operating costs by 33 percent (approximately \$24,750) and a one bus demand response service within Live Oak would add another \$167,300 annually (8 vehicle service hours x 250 days x \$83.66 per hour).

14. At some point in the future it will become more advantageous for Live Oak to join the Yuba-Sutter Transit Authority Joint Powers Agreement (JPA) than contract for service. JPA members have voting privileges and benefit from Federal and State funding sources that are not directly available to Live Oak, but each is also required to make an annual LTF contribution for general support of the agency in addition to the allocated STA funds that are claimed by Yuba-Sutter Transit just as they are for Live Oak.
15. The annual LTF contribution is determined through the budget process using an established four part formula to set the relative share of the LTF revenue needed to balance the budget. For FY 2015, the member's share of the combined contribution of \$1,837,100 in LTF revenue ranged from \$123,843 for Sutter County to \$1,027,350 for Yuba City.
16. While the existing Live Oak service does not directly translate to the Yuba-Sutter Transit funding formula and an amendment may be necessary should Live Oak join the JPA, applying the current formula would result in an LTF contribution between \$72,000 and \$95,000 if Live Oak was a member in FY 2015. For comparison, this is up to one-third the \$293,500 in LTF revenue that is now being used in its entirety for street maintenance in FY 2015. This contribution would be in addition to the \$41,000 in STA funding that Yuba-Sutter Transit claimed on Live Oak's behalf for FY 2015 and it would be a bit higher if the proposed service expansion were already in place.
17. Separate from the policy question of how LTF funds are expended or whether there is adequate demand for still more service, the Live Oak service level would need to be at least twice the amount now being proposed for FY 2016 for JPA membership to approach cost effectiveness.

LIVE OAK SERVICE SUMMARY

FY	Contract Rate VSH	# Days Service Per Week	Passenger Trips	Vehicle Service Hours	Trips/VSH	Total Cost	Fares	Live Oak Subsidy	Subsidy/ Trip	NOTES
1992/93	\$31.21	5 / 3	827	295	2.81	\$9,297	\$1,020	\$8,277	\$10.01	February 16, 1993 - Service changed to two round trips, three days a week
1993/94	\$34.73	3	431	156	2.76	\$5,444	\$492	\$4,952	\$11.49	
1994/95	\$36.53	3 / 5	744	285	2.64	\$10,432	\$869	\$9,473	\$12.73	October 1994 - Service changed to one round trip, five days a week
1995/96	\$34.11	5	274	148	1.85	\$5,041	\$312	\$4,729	\$17.26	
1996/97	\$34.24	5	221	127	1.74	\$4,364	\$309	\$4,055	\$18.35	
1997/98	\$39.31	3	525	183	2.88	\$7,011	\$504	\$6,507	\$12.39	July 1997 - Service reduced to one round trip, three days a week
1998/99	\$40.27	3	625	215	2.90	\$8,686	\$766	\$7,920	\$12.67	
1999/00	\$41.54	3	531	181	2.93	\$7,522	\$587	\$6,935	\$13.06	
2000/01	\$42.18	3	541	210	2.58	\$8,847	\$676	\$8,171	\$15.10	April 2001 - Added three bus stops and eliminated reservation requirement.
2001/02	\$41.25	3	746	303	2.46	\$12,505	\$1,012	\$11,493	\$15.41	
2002/03	\$42.45	3	1,058	334	3.17	\$14,173	\$1,422	\$12,751	\$12.05	
2003/04	\$44.45	3	921	332	2.78	\$14,740	\$1,423	\$13,317	\$14.46	
2004/05	\$48.15	3	665	305	2.18	\$14,708	\$858	\$13,850	\$20.83	
2005/06	\$52.25	3	782	327	2.39	\$17,096	\$979	\$16,117	\$20.61	
2006/07	\$56.05	3	795	308	2.58	\$17,284	\$1,036	\$16,248	\$20.44	
2007/08	\$56.63	3	1,025	316	3.25	\$17,885	\$1,503	\$16,382	\$15.98	
2008/09	\$57.25	3	1,200	379	3.17	\$21,681	\$1,740	\$19,941	\$16.62	January 2009 - Increased service to the current level of two roundtrips, three days a week.
2009/10	\$60.97	3	1,519	468	3.25	\$28,511	\$1,965	\$26,546	\$17.48	
2010/11	\$63.64	3	2,165	476	4.55	\$30,264	\$2,945	\$27,319	\$12.62	
2011/12	\$71.35	3	1,575	465	3.39	\$33,163	\$2,145	\$31,018	\$19.69	
2012/13	\$75.75	3	2,535	504	5.03	\$38,173	\$3,299	\$34,874	\$13.76	
2013/14	\$76.55	3	3,186	528	6.03	\$40,419	\$3,905	\$36,514	\$11.46	

2014/15	\$77.72	3	2,200	520	4.19	\$40,000	\$3,000	\$37,000	\$16.82	Current Year End Projected
2015/16	\$83.66	5	N/A	900	N/A	\$75,000	N/A	N/A	N/A	Planned July 1, 2015 increase in service to five days a week with new bus stops & on demand service to the Yuba College Sutter County Center.

FY 2014/15

\$40,983 State Transit Assistance (STA) Apportionment
 \$293,500 Local Transportation Fund (LTF) Apportionment

\$106,800 Projected Year-End Deferred STA Revenue Balance

**AGREEMENT
REGARDING TRANSIT SERVICES
NOVEMBER 15, 2007**

THIS AGREEMENT is entered into effective July 1, 2007, by and between the YUBA-SUTTER TRANSIT AUTHORITY (**THE AUTHORITY**) and the CITY OF LIVE OAK, CA (**THE CITY**).

RECITALS

On January 25, 1988, **THE PARTIES** entered into a Transit Service Agreement, a copy of which is attached hereto as **EXHIBIT "A" (THE PRIOR AGREEMENT)**.

Under **THE PRIOR AGREEMENT**, **THE CITY** controlled the scope of transit service and passenger fares. The original scope of service under **THE PRIOR AGREEMENT** was modified several times over the years and currently consists of one morning trip and one afternoon trip between Live Oak and Marysville each Monday, Wednesday and Friday. The parties contemplate that the scope of service will increase under this Agreement.

Under **THE PRIOR AGREEMENT**, **THE AUTHORITY** is compensated for all service provided based on the fully allocated cost (including depreciation) per vehicle service hour (VSH) minus any fare revenue received as determined by the most recently completed fiscal audit. The primary funding source has recently been State Transit Assistance (STA) Revenues which can only be used for transportation planning and mass transportation uses.

Under **THE PRIOR AGREEMENT**, **THE CITY** was responsible to the Sacramento Area Council of Governments (SACOG) for all Transportation Development Act (TDA) obligations including all unmet transit needs that are reasonable to meet, satisfying the minimum farebox recovery ratio requirements and complying with efficiency standards for use of the STA funds for operating assistance.

Currently **THE CITY** has failed to meet the required ten percent (10%) minimum farebox recovery ratio which has required **THE CITY** to use non-TDA Revenue for transit services; is unable to use STA revenues for operating expenses; and, has amassed a significant balance of STA revenue that currently can only be used for transit capital expenses.

The purpose of this Agreement is for **THE CITY** to designate **THE AUTHORITY** as the claimant for all STA funds available to **THE CITY** (past, present and future). In exchange, **THE AUTHORITY** would accept responsibility for the operation of all public transportation services provided, except as limited herein, for the benefit of **THE CITY** residents.

In light of the foregoing, **THE PARTIES** agree as set forth below.

SECTION 1
Incorporation of Recitals

The foregoing recitals are not merely recitals, but are contractual in nature and are incorporated into this Agreement.

SECTION 2
Termination of Prior Agreements

By mutual agreement of **THE PARTIES**, the **PRIOR AGREEMENT** (i.e., the Transit Service Agreement of January 25, 1988, attached hereto as **EXHIBIT "A"**) is terminated effective June 30, 2007. **THE PARTIES** agree, retroactive to July 1, 2007, that this Agreement shall establish the relationship between **THE PARTIES** with regard to public transportation services provided for the benefit of **THE CITY** residents.

SECTION 3
Designation of Authority as Recipient for Available Funding

THE CITY assigns to and designates **THE AUTHORITY** as Claimant for all STA funds to which **THE CITY** is entitled (past, present and future). **THE CITY** will cooperate with and execute any and all documents reasonably necessary to allow **THE AUTHORITY** to receive such funds.

SECTION 4
Agreement to Provide Public Transportation Services

THE AUTHORITY agrees to accept full authority and responsibility for the operation of all public transportation services provided for the benefit of **THE CITY** residents. By way of example and not by way of limitation, this would include the following:

- a. The initial establishment or subsequent modification of the days and hours of service; the type and amount of service provided; and, the passenger fare structure for such service;
- b. The funding and provision of all materials, equipment and personnel necessary to provide the established service level up to the amount of STA funds allocated to **THE CITY**, including all previous fund balances;
- c. The assumption of the farebox recovery ratio requirement for all public transportation services provided for the benefit of **THE CITY** residents; and,

- d. The satisfaction of all unmet transit needs that are reasonable to meet in **THE CITY** as determined by SACOG under the Transportation Development Act up to the amount of STA funds allocated to **THE CITY**, including all previous fund balances.

THE AUTHORITY's obligation to provide transportation services under this Agreement is limited to those services reasonably able to be provided with the funds received by **THE AUTHORITY** under Section 3, above. **THE AUTHORITY** shall not be required to spend funds beyond those provided under this Agreement with regard to its obligations to provide transportation services to **THE CITY** residents. When the costs of services provided, requested or required under this Agreement exceeds the amount of available funding received by **THE AUTHORITY** under this Agreement, (including all previous fund balances), the calculation for such additional costs shall be based on the fully allocated cost per VSH, including depreciation for **THE AUTHORITY's** entire operation as determined from the most recent fiscal audit minus any fare revenues received from passengers of **THE CITY** service. **THE CITY** is responsible to pay the costs of services to the extent that such costs exceed the amount of STA funds allocated to **THE CITY** and received by **THE AUTHORITY** pursuant to Section 3, above; however, if **THE CITY** is unwilling to commit the additional funds necessary to support that level of service, then either the level of service shall be reduced to be consistent with the available funding under Section 3; **THE AUTHORITY** shall provide the necessary funding from other sources; or, either party may terminate this Agreement upon ninety (90) days written notice to the other party.

THE AUTHORITY agrees to meet and confer with **THE CITY** when changes to the services provided are being considered by **THE AUTHORITY** or desired by **THE CITY**, although **THE AUTHORITY** retains ultimate responsibility for establishing service levels and passenger fares under this Agreement.

SECTION 5

Effective Date of Agreement and Termination

THIS AGREEMENT is effective as of July 1, 2007, and shall continue thereafter until terminated by mutual consent of **THE PARTIES**. Either party may terminate this Agreement unilaterally, to be effective at the end of any fiscal year by giving a preliminary notice of their intent to terminate to the other party no later than December 31, prior to the date of termination and, thereafter, by giving a final notice of intent to terminate to the other party no later than March 31, prior to the date of termination. If this Agreement is terminated pursuant to this section or Section 4, and upon termination there are unexpended funds that were received by **THE AUTHORITY** under Section 3, then the balance of the unexpended funds shall be remitted to SACOG upon termination with the intent that such funds shall be made available by SACOG for reallocation to **THE CITY** although **THE AUTHORITY** cannot guarantee such reallocation.

SECTION 6
Notice

Any notices to be given under this Agreement shall be in writing and shall either be personally delivered or sent by first-class mail, postage prepaid, addressed as follows:

IF TO THE AUTHORITY:

**YUBA-SUTTER TRANSIT AUTHORITY
ATTENTION: TRANSIT MANAGER
2100 B STREET
MARYSVILLE, CA 95901**

IF TO THE CITY:

**CITY OF LIVE OAK
ATTENTION: CITY MANAGER
9955 LIVE OAK BOULEVARD
LIVE OAK, CA 95953**

SECTION 7
Compliance with Laws

THE AUTHORITY shall provide the services under this Agreement in compliance with all applicable federal, state and local laws and regulations. **THE AUTHORITY** also shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to provide the services.

SECTION 8
Indemnification and Insurance

THE CITY understands and acknowledges that **THE AUTHORITY** administers the transportation services to be provided under this Agreement by and through a subcontractor. The present subcontractor is Veolia Transportation Services, Inc. (Veolia). Veolia, as part of its agreement with **THE AUTHORITY**, has agreed to defend and indemnify **THE AUTHORITY** from and against claims arising out of the performance of its services. **THE AUTHORITY** agrees that it shall cause Veolia to extend its indemnification obligations to **THE CITY**, for operations covered by this Agreement. Additionally, Veolia provides insurance to cover its transit operations in its agreement with **THE AUTHORITY**.

THE AUTHORITY shall provide for Veolia's insurer to endorse its general and automobile liability policies to name **THE CITY** and its officers, employees, volunteers and agents as additional insureds regarding liability arising out of the transit service operations under this Agreement. **THE AUTHORITY** shall provide to **THE CITY** the following proof of insurance and indemnification: (a) certificate(s) of insurance and endorsement(s) (on forms acceptable to **THE CITY** and signed by a person authorized to bind coverage on behalf of the insurer) evidencing the additional insured coverage; and (b) written verification that Veolia has extended its indemnification obligation (with a scope comparable to that provided to **THE AUTHORITY**) to **THE CITY** and its officers, employees, volunteers and agents. These indemnification and insurance requirements shall apply to Veolia and other subsequent transit service operators if **THE AUTHORITY** changes the operator. **THE CITY** periodically may request and **THE AUTHORITY** agrees to provide updated proof of insurance and indemnification.

**SECTION 9
State Audit Contingency**

In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the State Auditor General for three years following final payment pursuant to this Agreement.

**SECTION 10
Entire Agreement**

This writing represents the sole, final, complete, exclusive and integrated expression and statement of the terms of this contract between the parties concerning the subject matter of the Agreement, and supersedes all prior oral and/or written negotiations, representations or contracts. This Agreement may be amended only by a subsequent written contract approved and executed by both parties. Amendment by **THE CITY** requires approval of its City Council.

IN WITNESS WHEREOF, THE PARTIES have executed this Agreement on the date set forth below.

Dated: 11/7/07

CITY OF LIVE OAK

BY: Diane Hodges

Mayor

ATTEST:

CITY CLERK

Dated:



YUBA-SUTTER TRANSIT AUTHORITY

BY: [Signature]

Chairman