



**JOINT MEETING OF THE STANISLAUS COUNCIL OF
GOVERNMENTS (StanCOG) EXECUTIVE COMMITTEE
AND THE STANISLAUS REGIONAL TRANSIT AUTHORITY
ADVISORY COMMITTEE
VIA TELECONFERENCE
MONDAY, SEPTEMBER 14, 2020
9:00 AM**

Important Notice Regarding COVID-19

In accordance with Governor Newsom's Executive Order N-29-20, any meeting room will be closed to the public. In the interest of maintaining appropriate social distancing measures, members of the public may participate in the meeting electronically and shall have the right to observe and offer public comment during the meeting.

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Committee Agendas and Minutes: Committee agendas, minutes and copies of items to be considered by this committee are available at least 72 hours prior to the meeting at the StanCOG offices located at 1111 "I" Street, Suite 308, Modesto, CA during normal business hours. The documents are also available on StanCOG's website at www.stancog.org.

Materials related to an item on this Agenda submitted to the committee after distribution of the agenda packet are available for public inspection at the address listed above during normal business hours. These documents are also available on StanCOG's website, subject to staff's ability to post the documents before the meeting.

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AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENTS

These matters may be presented only by interested persons in the audience. Discussion is limited to three minutes or at the discretion of the Chair.

4. CONSENT CALENDAR

- A. Motion to Approve the Stanislaus Regional Transit Authority Advisory Committee Minutes of 8/31/20

5. DISCUSSION/ACTION ITEMS

- A. Discussion of JPA Employment Structures
- B. Discussion of Adjustment to JPA Implementation Schedule

6. ADJOURNMENT

Next Meeting:
September 21, 2020 at 9:00 am



CONSENT CALENDAR



**JOINT MEETING OF THE STANISLAUS COUNCIL OF
GOVERNMENTS (StanCOG) EXECUTIVE COMMITTEE AND THE
STANISLAUS REGIONAL TRANSIT AUTHORITY ADVISORY
COMMITTEE
VIA TELECONFERENCE**

**Minutes of August 31, 2020 (Monday)
9:00 am**

Important Notice Regarding COVID-19

In accordance with Governor Newsom's Executive Order N-29-20, the Stanislaus Council of Governments (StanCOG) Board Room was closed to the public, and the Stanislaus Regional Transit Authority Advisory Committee (SRTAAC) members and staff participated in this meeting via GoToMeeting. In the interest of maintaining appropriate social distancing measures, members of the public were able to participate in the meeting electronically and had the right to observe and offer public comment during the meeting.

MEMBERS PRESENT:

Chair Jenny Kenoyer (City of Modesto); Vice-Chair Nicole Larson (City of Turlock); Bill Zoslocki (City of Modesto); Vito Chiesa, Terry Withrow (Stanislaus County); Gil Esquer (City of Turlock); Richard O'Brien (departed during Item 5B) (Cities other than Modesto and Turlock)

ALSO PRESENT:

Rosa Park, Karen Kincy, Cindy Malekos, Josey Oshana, Edith Robles (StanCOG); Mohammad Ahmed (Interwest Consulting); Phil McGuire (McGuire Management Consultancy); Adam Barth, Nathan Bray, Jason Helton, Letti Ortiz, Angela Swanson, Wayne York (Members of the Public)

1. CALL TO ORDER

Chair Kenoyer called the meeting to order at 9:00 am.

2. ROLL CALL

3. PUBLIC COMMENTS – NONE

4. CONSENT CALENDAR

- A. Motion to Approve the Stanislaus Regional Transit Authority Advisory Committee Minutes of 8/24/20
- **By Motion (Member Vito Chiesa/Vice-Chair Nicole Larson)**, and a unanimous roll call vote, the Stanislaus Regional Transit Authority Advisory Committee approved the Consent Calendar.

5. DISCUSSION/ACTION ITEMS

A. REVIEW OF FAREBOX RECOVERY RATIOS (FRR) IN STANISLAUS REGION

Karen Kincy presented an historical review of farebox recovery ratios in the Stanislaus region. She stated that a new JPA would have an exemption from the fare box requirement for three years upon formation of the JPA. Member O'Brien asked if the JPA were to not meet the fare box ratio, upon whom would the penalty fall? Phil McGuire answered that it would be the responsibility of the JPA and, no longer the responsibility of the jurisdictions.

B. UPDATE FROM STAFF WORKING GROUP

Phil McGuire stated that the staff working group formed by the MOU that was adopted by the jurisdictions had been meeting. He said that the staff working group was formed to include transit operators, and others that have technical credentials for certain discussions, and that the technical details discussed would be brought to the board of the new JPA for action. Adam Barth said the staff working group had been discussing the operations of the fixed routes, para transit systems countywide, and the benefits of combining the systems into one contract.

C. REVIEW OF JPA STRUCTURE FORMATION PROCESS

Phil McGuire reviewed a diagram illustrating the JPA structure formation process.

D. MOTION TO APPROVE THE JPA BOARD STRUCTURE

Phil McGuire provided several alternatives for consideration of the JPA Board Structure.

By Motion (Member Gil Esquer/Chair Jenny Kenoyer), and a unanimous roll call vote, the Stanislaus Regional Transit Authority Advisory Committee approved the JPA Board Structure of two members and an alternate from the Modesto City Council, two members and an alternate from the Turlock City Council, one member and an alternate from the Stanislaus County Board of Supervisors and one elected official member and an alternate appointed by the Stanislaus County Board of Supervisors to represent the cities other than Modesto and Turlock; and three members of the public to be appointed by the seven members of the JPA Board.

E. DISCUSSION OF JPA AGREEMENT DOCUMENT CONTENT

Phil McGuire reviewed some of the important provisions to be included in a new JPA Agreement including purpose, transfer of assets, appointment of staff and their occupations. He said a draft agreement would be provided at a future meeting for the committee's review.

F. DISCUSSION OF JPA BYLAWS DOCUMENT CONTENT

Phil McGuire said that the Bylaws of the JPA would be put together after the JPA was formed and would include items such as how meetings would be conducted, how officers of the board were named and how a board chair was selected each year.

6. ADJOURNMENT

Chair Kenoyer adjourned the meeting at 10:52 am.

Next Regularly-Scheduled SRTAAC Meeting:

September 14, 2020 (Monday) @ 9:00 am

Minutes Prepared By:



Josey Oshana

Executive Administrative Assistant, StanCOG



DISCUSSION & ACTION ITEMS



TO: Stanislaus Regional Transit Authority Advisory Committee **Staff Report**
FROM: Phil McGuire Discussion
DATE: September 14, 2020
SUBJECT: JPA Employment Structures

Recommendation

Consider information presented.

Background

The approach to employment of staff for the Stanislaus Regional Transit Authority is an important element of the JPA Agreement forming the agency. The approach to staffing is typically defined in the Agreement itself. Discussions with local officials during the drafting of the Agreement revealed that there are different understandings of the alternative approaches. This appears to be the result of the different experiences of the individuals involved in the drafting.

Modesto and County officials are familiar with JPA structures between their jurisdictions for purposes such as managing the 911 dispatch center and the City/County administration building. A cursory review of these agreements indicates some possible differences between them and the proposed structure of the new transit Authority JPA. Among these differences is the use of a “Commission” as the governing structure for the agreement. This is one of the governing forms identified in Government Code Section 6500 which establishes the authority to create JPA’s. The City/County agreement establishing the City-County Capital Improvements and Financing Agency for the management of the joint administration building also specifies that all employees shall be employees of the County.

A review of transit JPA’s from around the State indicates some differences from these existing agreements. One difference is the use of a Board of Directors versus the Commission structure. Another difference is the employment of staff directly by the JPA. In the case of nearly all transit JPA’s, the agency employs a Chief Executive and other support staff.

Discussion

The formation of the Stanislaus Regional Transit Authority is proposed to replicate the successful JPA structural models used by the vast majority of transit JPA’s around the State. The intent is to create a

stand-alone government agency that consolidates transit services into a single operating agency that is staffed with the resources to manage all aspects of this complex technical industry. The regulatory environment surrounding transit operations is substantial and includes both federal and State requirements. Maintaining compliance with the myriad of regulations while also providing the most efficient and equitably deployed services requires a professional organization with the experience and leadership to be successful. This combination of factors is a consideration as to why other transit JPA's around the State hire and develop their own professional staffs independent of their Member jurisdictions.

An additional consideration in this "in-house staff" structure is the avoidance of control, either real or imagined, by a single Member agency. A professional staff that is clearly dedicated to transit service delivery and is not embedded within general purpose government is better aligned with the dedicated transit funding which supports its operations. The intended mix of staff from the existing operators ensures that each jurisdiction is represented on the professional team that will then make county-wide transit decisions.

The formative steps toward a new transit JPA have included many references to the intent to employ a professional staff directly. The following is a partial list of meetings or documents which noted the intent for the new Authority to hire its own staff:

September 19, 2019: Meeting with transit managers, StanCOG lobbyist, County Public Works Director:

The intent to hire was discussed in some detail to include specific questions by participants regarding whether the new JPA might layoff existing employees. Phil McGuire indicated that there were typically no layoffs in a new JPA. [Based upon meeting notes.]

October, 2019: Transit Efficiency and Innovation Study, StanCOG, page 150:

The intent to hire staff from the existing operators is discussed in the Study. References were made to realigning duties etc., in an effort to attain efficiencies.

June 16, 2020: Tech Memo #2: Transit Agency Formation Timeline:

This Tech Memo was widely circulated on June 16, 2020. The Memo specifically discusses the transition of employees effective July 1, 2021, and the necessary human resources infrastructure that would need to be prepared to accomplish that task.

August 5, 2020: Memorandum of Understanding between the City of Modesto, City of Turlock, and Stanislaus County for the formation of the Stanislaus Regional Transit Authority:

The MOU finally adopted by all proposed Member jurisdictions on August 5, 2020, describes as Task Area 4: Human Resources the intent to "Describe how existing employees will be transferred/absorbed into new entity"; "Prepare a staffing plan, including duties and responsibilities for each position/function."

August 25, 2020: Memo from Phil McGuire to Advisory Committee:

“The JPA Agreement would stipulate in some manner the Authority’s intent to hire a Chief Executive and grant that individual the authority to hire other staff. That latter action is currently envisioned to be completed and staff become employees of the Authority effective July 1, 2021.”

Alternative approaches to staffing were not delineated because there were virtually no models of successful transit JPA’s that did not directly employ their staffs. The frequency of presentation of the agency staff concept afforded many opportunities to participants to offer alternatives. To date, no alternative has been presented to the Transit Implementation Working Group, the Advisory Committee, or to the Staff Working Group for consideration.

A further refinement of the delivery of staff services by the new Authority could involve the use of contracts for certain services. In presentations regarding the agency formation, Phil McGuire has referenced the possibility that the new Authority may contract back to a Member agency for certain services. This approach could be utilized for two important reasons: 1) Member jurisdictions may have vital expertise and infrastructure for key functions that the new Authority may not possess immediately upon formation; and 2) Contracting back certain functions may mitigate some of the financial impact of the loss of overhead funds that are currently claimed by Member agencies to provide indirect support to the transit department. With these considerations, it is highly likely that the new Authority would consider this approach to business. Final decisions on such matters will remain the purview of the new JPA Board of Directors. Functions to be considered in this assessment would include but not be limited to finance, human resources, IT services, and vehicle maintenance.

In consideration of these various factors and the consistent reference to the intent of the new Authority to employ its own professional staff, the following language has been incorporated into the Draft JPA Agreement:

5. Transit Employees

Not later than 120 days following the organizational meeting of the Board and prior to assuming operating control of the public transportation service, the Authority shall offer employment to the existing public transportation system employees of the Member jurisdictions. The employment by the Authority of each such employee shall be of substantially the same kind and level as the employment currently enjoyed by the employees. Salary, fringe benefits and seniority rights shall be provided to the fullest extent possible at the current level. Notwithstanding paragraph 20 of this Agreement (indemnification), the Authority accepts responsibility for any claims arising due to such transfer of employment post formation of the Authority, including, but not limited to, any Federal Section 13(c) claims or any employee association claims regarding changes in wages, benefits or working conditions.



TO: Stanislaus Regional Transit Authority Advisory Committee **Staff Report**
FROM: Phil McGuire Discussion
DATE: September 14, 2020
SUBJECT: Adjustment to JPA Implementation Schedule

Recommendation

Consider information presented.

Background

On March 5, 2020, the Transit Implementation Working Group established by StanCOG approved a set of Guiding Principles that set forth the approach to forming the Stanislaus Regional Transit Authority. Among the various stated Principles were the following:

3. *The goal of the formation process is to have a new agency formed and prepared to guide the full implementation process by January 1, 2021.*
4. *The goal for implementation of the JPA (assumption of full transit system management) is July 1, 2021.*

The timeline referenced in the Principles was based upon experience with other JPA formations where a period of approximately six months was allocated to accomplish the many transition steps to full JPA operation. This concept resulted in the reference in #4 above to the July 1, 2021, assumption of full operation by the JPA. The timelines specified in the Guiding Principles were later accelerated as a result of action by the City of Modesto, which is delineated below. The new timeline moved up the intended JPA formation date from January to October.

The City of Modesto faced a difficult procurement situation regarding its paratransit vendor contract. The City was facing an intended award date of July 1, 2020, for a new contract. The complexities of the award resulted in a decision on March 10 to postpone an award while additional information was gathered regarding options. On March 20 a conference was held with City officials during which the StanCOG implementation consultant recommended offering the existing vendor a contract extension through June 30, 2021, and in the meantime allowing for the formation of the new transit Authority which in turn would conduct a county-wide vendor selection process. On April 7, 2020, the City Council awarded a contract extension to the existing vendor through September 30, 2020, to allow additional time to assess options including a longer term extension. On August 5, 2020, the Modesto

City Council awarded an additional extension to the existing vendor through June 30, 2021. This action was consistent with the intent to allow the new Authority time to carry out a procurement for services county-wide. The extension did, however, include another key provision. It included an additional option year beyond 2021-22 in the event that further time was needed to conduct a procurement process.

Discussion

The availability of an additional option year in the contract extension with the paratransit vendor offers an opportunity to adjust the timing of the formation the Authority. With the opportunity to extend the vendor contract beyond June 30, 2021, a more deliberate approach to the agency formation is now possible. A number of key adjustments would necessarily result from a decision to slow the process. However, they are mostly technical and could be accommodated by the new transit Authority.

Returning to the original formation schedule with the JPA Agreement executed in January, 2021, would afford additional time for: 1) An extended review and consideration period for the JPA Agreement by the Member jurisdictions, and 2) Additional time to prepare the Transition Plan referenced in Part I of the MOU adopted by the Members. Both factors will strengthen the process of forming the agency. The extended time for legal review of the Agreement by each jurisdiction, evaluation of transition factors by the jurisdictions, and the time to include additional elements in the Transition Plan will only enhance the information available to the agency policy members to make an informed decision.

Given the complexity and importance of the JPA Agreement, it is recommended that it be brought to the Advisory Committee for review at its September 21 meeting. Assuming approval of the Draft, the Agreement would then be referred on to the proposed Member jurisdictions for legal review. The change in the overall schedule would allow the time necessary for a complete review by all Members.

Similarly, the return to the original schedule will allow sufficient time for preparation of the Transition Plan for review by the Staff Working Group and later by the Advisory Committee before it too is referred on to the proposed Member jurisdictions for review. Among the elements of the Transition Plan that are in development are the proposed organization structure, a draft budget for the new Authority, federal grant transition process, and a review of the vendor selection process and issues related to that. The Transition Plan will be reviewed by the Staff Working Group approximately October 1, 2020, and referred on to the Advisory Committee soon after that time frame.

Recommendation:

With the information provided above, I recommend that the transit agency formation process be extended in the following manner:

- Target formal adoption of the JPA Agreement by all Member jurisdictions for January 2021.
- Retain the target date of July 1, 2021, for assumption of all transit operations in the county by the Authority.
- Work with all Member jurisdictions to coordinate vendor contract extensions beyond June 30, 2021, to allow for a single vendor procurement conducted by the Authority.

- Continue the formation process with scheduling of the Draft JPA Agreement for initial review by the Advisory Committee on September 21.

Accepting this recommendation does not require formal action. It simply means that the schedule of events will be adjusted to reflect this decision and ensure that technical discussions of resulting necessary actions are initiated.