



**AGENDA**

**Meeting**

of the

**BOARD OF DIRECTORS**

of the

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

A Public Agency

**TUESDAY, DECEMBER 15, 2015**

**8:30 AM**

**Santa Barbara MTD Auditorium**

550 Olive Street, Santa Barbara, CA 93101

**1. CALL TO ORDER**

**2. ROLL CALL OF THE BOARD OF DIRECTORS**

Dave Davis, Chair; Chuck McQuary, Vice Chair; Olivia Rodriguez, Secretary; Dick Weinberg, Director; Bill Shelor, Director; David Tabor, Director; Roger Aceves, Director

**3. REPORT REGARDING POSTING OF AGENDA**

**CONSENT CALENDAR**

**4. APPROVAL OF PRIOR MINUTES-(ATTACHMENT-ACTION MAY BE TAKEN)**

The Board will be asked to waive the reading of and approve the draft minutes for the meeting of December 1, 2015.

**5. CASH REPORT-(ATTACHMENTS-ACTION MAY BE TAKEN)**

The Board will be asked to review the cash reports of November 17, 2015 through November 30, 2015 and December 1, 2015 through December 7, 2015.

**THIS CONCLUDES THE CONSENT CALENDAR**

**6. PUBLIC COMMENT**

Members of the public may address the Board on items within jurisdiction of the Board that are not scheduled for public hearing. The time allotted per speaker will be at the discretion of the Board Chair. If you wish to address the Board under this item number, please complete and deliver to the MTD Board Clerk, a "Request to Speak" form including a description of the subject you wish to address. Additional public comment will be allowed during each agenda item, including closed session items. Please fill out the Request to Speak form and indicate the agenda item number that you wish to comment on.

**7. PRESENTATION OF FISCAL YEAR 2014-15 FINANCIAL STATEMENTS & COMPLIANCE REPORT (INFORMATIONAL)**

A representative of McGowan Guntermann will present the District's Financial Statements and Compliance Report for fiscal year 2014-15.

**8. MTD STRATEGIC PLAN: 2016 – 2021-(ACTION MAY BE TAKEN)**

Staff recommends that the Board adopt the draft *Strategic Plan: 2016 - 2021*.

**9. LOW CARBON TRANSIT OPERATIONS PROGRAM RESOLUTION-(ACTION MAY BE TAKEN)**

Adopt Resolution 2015-08 agreeing to comply with all conditions and requirements set forth in the Certification and Assurances and authorizing General Manager Jerry Estrada to execute all required

documents for an application to the California Department of Transportation (Caltrans) for FY 2016 California cap-and-trade funds from the Low Carbon Transit Operations Program (LCTOP).

**10. GENERAL MANAGER'S REPORT UPDATE-(INFORMATIONAL)**

- a) Grant Application, Measure A
- b) SBCC Student Bus Pass Agreement
- c) Finance Department Activities
- d) Diesel Fuel Contract

**11. OTHER BUSINESS AND COMMITTEE REPORTS-(ACTION MAY BE TAKEN)**

The Board will report on other related public transit issues and committee meetings

***RELATED TO EACH CLOSED SESSION; PUBLIC COMMENT WILL BE ALLOWED RELATED TO THE CLOSED SESSION ITEM(S) BEFORE THE RECESS***

**12. RECESS TO CLOSED SESSION– GENERAL MANAGER PERFORMANCE EVALUATION (ACTION MAY BE TAKEN)**

Conference with labor negotiators pursuant to Government Code Section 54957:

SBMTD designated representatives: Dave Davis, Chuck McQuary, Dick Weinberg, Olivia Rodriguez, Roger Aceves, Dave Tabor, Bill Shelor

SBMTD unrepresented employee: Jerry Estrada, General Manager

**13. ADJOURNMENT**

**AMERICAN WITH DISABILITIES ACT:** If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 963-3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.



**MINUTES**

**Meeting**

Of the

**BOARD OF DIRECTORS**

Of the

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

A Public Agency

**TUESDAY, DECEMBER 1, 2015**

**8:30 AM**

**Santa Barbara MTD Auditorium**

550 Olive Street, Santa Barbara, CA 93101

**1. CALL TO ORDER**

Chair Davis called the meeting to order at 8:30 a.m.

**2. ROLL CALL OF THE BOARD OF DIRECTORS**

Chair Davis reported that all members were present with the exception of Director Tabor and Director Weinberg who was expected to arrive shortly.

**3. REPORT REGARDING POSTING OF AGENDA**

Lilly Gomez, Administrative Assistant, reported that the agenda was posted on Friday, November 25<sup>th</sup>, 2015 at MTD's Administrative Office, mailed and emailed to those on the agenda list, and posted on MTD's website.

**CONSENT CALENDAR**

**4. APPROVAL OF PRIOR MINUTES-(ATTACHMENT-ACTION MAY BE TAKEN)**

Director Rodriguez moved to waive the reading of and approve the draft minutes for the meeting of November 10, 2015. The motion passed with one abstention by Director Shelor who had not attended the meeting.

**5. CASH REPORT-(ATTACHMENTS-ACTION MAY BE TAKEN)**

Director Rodriguez moved to approve the cash report for the period of November 3, 2015 through November 16, 2015. Director McQuary seconded the motion. The motion passed unanimously.

**THIS CONCLUDES THE CONSENT CALENDAR**

**6. PUBLIC COMMENT**

None was made.

**7. DIRECTORS AND OFFICERS (D&O) AND FIDUCIARY LIABILITY INSURANCE - (ACTION MAY BE TAKEN)**

Staff recommended that the MTD Board of Directors approve binding coverage for Directors and Officers insurance with Allied World through Professional Governmental Underwriters, Inc., and Fiduciary Liability insurance with Travelers, for the effective dates 1/3/16 – 1/3/17. Director McQuary moved to bind coverage. Director Shelor seconded the motion. The Motion passed unanimously.

***AT THIS POINT DIRECTOR WEINBERG JOINED THE MEETING AT 8:36 A.M.***

**8. ANNUAL ELECTION OF OFFICERS - (ACTION MAY BE TAKEN)**

Director Weinberg made a motion that the Board assignments remain the same with Director Davis remaining Board Chair, Director McQuary remaining Vice-Chair, and Director Rodriguez remaining Secretary. Director McQuary seconded the motion.

At this point Director Rodriguez made a motion to withdraw herself as Secretary. Chair Davis asked the directors for interest to be the Board Secretary. Director Shelor expressed interest.

Director Weinberg motioned for Board assignments to reflect Director Davis remaining Board Chair, Director McQuary remaining Vice-Chair, and Director Shelor as the new Secretary. Director McQuary seconded the motion. The motion passed unanimously.

**9. GENERAL MANAGER'S REPORT UPDATE-(ACTION MAY BE TAKEN)**

General Manager, Jerry Estrada, shared with the Board his attendance to the COAST-Bus Riders Group. The Meeting was very well received and had a lot of positive feedback in regards to the additional service enhancements in the morning from Goleta to the East side of town that took effect last year. Mr. Estrada also discussed the lines 1 & 2 service enhancements that took place November 30<sup>th</sup> are working smoothly.

The MTD has submitted the pre-application to SBCAG for 3 bike racks from the Measure A Grant - South Coast Bike & Pedestrian Program. The final application will be in due mid December. The City, County, and Caltrans are all cautiously optimistic for acceptance.

**10. OTHER BUSINESS AND COMMITTEE REPORTS-(ACTION MAY BE TAKEN)**

General Manager, Jerry Estrada and Director Davis both attended the California Transit Associations (CTA) fall conference and expo November 18<sup>th</sup>-20<sup>th</sup>. Both Mr. Estrada and Director Davis shared it was a great conference with discussion that pertain to new planning approaches, technology in transit agencies, demographics and the public's On-demand transit needs. The Board unanimously agreed that the SB MTD must stay diligent to the paradigm in technology and the effects it will have on the transportation demand.

Director Weinberg congratulated and shared how impressed he was with the time adherence on the line 20 with the recent holiday traffic.

***RELATED TO EACH CLOSED SESSION; PUBLIC COMMENT WILL BE ALLOWED RELATED TO THE CLOSED SESSION ITEM(S) BEFORE THE RECESS***

**11. RECESS TO CLOSED SESSION- GENERAL MANAGER PERFORMANCE EVALUATION-(ACTION MAY BE TAKEN)**

Conference with labor negotiators pursuant to Government Code Section 54957:

SBMTD designated representatives: Dave Davis, Chuck McQuary, Dick Weinberg, Olivia Rodriguez, Roger Aceves, Dave Tabor, and Bill Shelor

SBMTD unrepresented employee: Jerry Estrada, General Manager

No action was taken.

**12. ADJOURNMENT**

Director Shelor moved to adjourn the meeting at 10:24 a.m. Director McQuary seconded the motion. The motion passed unanimously.

**AMERICAN WITH DISABILITIES ACT:** If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 963-3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.

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**Santa Barbara Metropolitan Transit District**  
**Cash Report**  
**Board Meeting of December 8, 2015**  
**For the Period November 17, 2015 through November 30, 2015**

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**MONEY MARKET**

**Beginning Balance November 17, 2015** **\$9,600,185.24**

Accounts Receivable	406,232.50
Property Tax Revenue	158,858.90
Passenger Fares	150,547.30
Advertising/Prepaid Deposits	5,044.00
Interest Income	1,723.04
Miscellaneous/Asset Sales	615.07
<b>Total Deposits</b>	<b>723,020.81</b>

ACH Garn/Escrow	(951.68)
Bank/CC Fees	(1,131.70)
ACH Pensions Transfer	(34,013.49)
WC Transfer	(34,462.59)
ACH Tax Deposit	(136,430.35)
Payroll Transfer	(308,396.48)
Operations Transfer	(401,052.80)
<b>Total Disbursements</b>	<b>(916,439.09)</b>

**Ending Balance** **\$9,406,766.96**

**CASH INVESTMENTS**

LAIF Account	\$3,343,048.17
Money Market Account	9,406,766.96

**Total Cash Balance** **\$12,749,815.13**

**SELF INSURED LIABILITY ACCOUNTS**

WC / Liability Reserves	(\$3,146,865.96)
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**Working Capital** **\$9,602,949.17**

**Santa Barbara Metropolitan Transit District  
Accounts Payable**

Check #	Date	Company	Description	Amount	Voids
111092	11/19/2015	ABC BUS COMPANIES INC	BUS PARTS	900.47	
111093	11/19/2015	A-OK MOWERS	COMPRESSOR PARTS	80.20	
111094	11/19/2015	HENRY ANDREWS	RETIREE HEALTH REIMBURSEMENT	218.96	
111095	11/19/2015	B2B SERVICES DBA	OFFICE SUPPLIES	275.40	
111096	11/19/2015	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	84.84	
111097	11/19/2015	BIG GREEN CLEANING CO. DBA	JANITORIAL SERV./SUPPLIES	5,480.00	
111098	11/19/2015	BUENA TOOL, INC.	SHOP/B&G SUPPLIES	51.06	
111099	11/19/2015	BUYNAK, FAUVER, ARCHBALD&S	LEGAL COUNSEL	7,431.13	
111100	11/19/2015	GILBERT CALLES	RETIREE HEALTH REIMBURSEMENT	90.00	
111101	11/19/2015	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	112.87	
111102	11/19/2015	CITY OF CARPINTERIA	ELECTRIC CHARGING STATION	917.28	
111103	11/19/2015	CITY OF LOMPOC	CAE REIMBURSEMENT	57.50	
111104	11/19/2015	STAN CISOWSKI	RETIREE HEALTH REIMBURSEMENT	213.36	
111105	11/19/2015	CIO SOLUTIONS, LP	IT SERVICES	1,081.25	
111106	11/19/2015	COAST TRUCK PARTS	BUS PARTS	158.92	
111107	11/19/2015	CUMMINS-ALLISON CORPORATIO	OFFICE MACHINE PARTS/REPAIRS	440.00	
111108	11/19/2015	DELTA DENTAL OF CALIFORNIA	DENTAL INSURANCE	10,816.05	
111109	11/19/2015	DELTA DENTAL INSURANCE COM	DENTAL INSURANCE	2,169.78	
111110	11/19/2015	DENMUN OFFICE SOLUTIONS DB	IT CONTRACT SERVICE	3,315.00	
111111	11/19/2015	ALICIA DIEHL	RETIREE HEALTH REIMBURSEMENT	90.00	
111112	11/19/2015	DRUG TESTING NETWORK, INC	DRUG TESTING	69.90	
111113	11/19/2015	EBUS, INC.	BUS PARTS	1,205.94	
111114	11/19/2015	FERRO MAGNETIC CORPORATION	BATTERY CHARGERS/PARTS	816.29	
111115	11/19/2015	JEFFREY K. FISHER CONSULTING	PROFESSIONAL SERVICES	1,740.00	
111116	11/19/2015	MELVIN FOUNTAIN	RETIREE HEALTH REIMBURSEMENT	90.00	
111117	11/19/2015	GENFARE, A DIVISION OF SPX CO	FAREBOX REPAIRS & PARTS	160.97	
111118	11/19/2015	GIBBS INTERNATIONAL INC	BUS PARTS	1,421.23	
111119	11/19/2015	GILLIG LLC	BUS PARTS	5,741.28	
111120	11/19/2015	GARY GLEASON	RETIREE HEALTH REIMBURSEMENT	247.95	
111121	11/19/2015	GUARDIAN-APPLETON (DENTAL I	DENTAL INSURANCE	4,130.61	
111122	11/19/2015	GUARDIAN-APPLETON (LIFE INS)	LIFE INSURANCE	611.38	
111123	11/19/2015	GOLETA VALLEY CHAMBER OF C	MEMBERSHIP / MEETINGS	325.00	
111124	11/19/2015	JIM HAGGERTY	RETIREE HEALTH REIMBURSEMENT	207.01	
111125	11/19/2015	ALI HABIBI	RETIREE HEALTH REIMBURSEMENT	217.90	
111126	11/19/2015	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	50.24	
111127	11/19/2015	INTELLICORP RECORD INC.	PRE-EMPLOYMENT CHECK	192.15	
111128	11/19/2015	JAY DANIEL ROBERTSON	RETIREE HEALTH REIMBURSEMENT	209.01	
111129	11/19/2015	J n L GLASS INC.	REPLACE BUS WINDOWS	145.00	

Check #	Date	Company	Description	Amount	Voids
111130	11/19/2015	LANSPEED DBA	IT SERVICES	615.00	
111131	11/19/2015	MARBORG INDUSTRIES (INC)	UTILITIES & RENTAL FEES	670.00	
111132	11/19/2015	MCGOWAN GUNTERMANN	ANNUAL AUDIT	8,548.00	
111133	11/19/2015	MEDICAL EYE SERVICES, INC.	VISION INSURANCE	283.04	
111134	11/19/2015	MURPHY ELECTRIC MAINTENANC	ELECTRICAL REPAIRS/INSTALLATION	89.00	
111135	11/19/2015	MOORE IACOFANO GLOTSMAN, IN	WORKSHOP	2,163.15	
111136	11/19/2015	NEWEGG, INC	COMPUTER SUPPLIES & REPAIRS	266.49	
111137	11/19/2015	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS & SOFTWARE	888.74	
111138	11/19/2015	O'REILLY AUTO PARTS DBA	BUS PARTS	4.31	
111139	11/19/2015	PETTY CASH - CARBAJAL, NATAS	MISC. PURCHASES	284.42	
111140	11/19/2015	CAREY POINDEXTER	RETIREE HEALTH REIMBURSEMENT	564.68	
111141	11/19/2015	POWERSTRIDE BATTERY CO.	EV BATTERIES	1,185.54	
111142	11/19/2015	REPUBLIC ELEVATOR, INC	ELEVATOR MAINTENANCE	153.20	
111143	11/19/2015	REGIONAL GOVERNMENT SERVIC	PERSONNEL RECRUITMENT	833.75	
111144	11/19/2015	ROGERS, SHEFFIELD & CAMPBELL	LEGAL COUNSEL	7,770.00	
111145	11/19/2015	SB LOCKSMITHS, INC.	B&G REPAIR & SUPPLIES	106.92	
111146	11/19/2015	SPECIAL DISTRICT RISK MGMT	MEDICAL HEALTH INSURANCE	52,393.32	
111147	11/19/2015	SANTA BARBARA TROPHY	DRIVER NAME PLATES	10.37	
111148	11/19/2015	SIMPLEX GRINNELL	FIRE ALARM SERVICES	693.38	
111149	11/19/2015	SO. CAL. EDISON CO.	UTILITIES	7,329.66	
111150	11/19/2015	THE GAS COMPANY DBA	UTILITIES	160.47	
111151	11/19/2015	SOUTHWEST LIFT & EQUIPMENT, I	LIFT REPAIRS & SUPPLIES	1,907.01	
111152	11/19/2015	STAPLES CREDIT PLAN	OFFICE & COMPUTER SUPPLIES	331.21	
111153	11/19/2015	TEAMSTERS MISC SECURITY TRU	UNION MEDICAL INSURANCE	170,382.00	
111154	11/19/2015	INTERSTATE CAPITAL CORPORAT	UNIFORMS	345.59	
111155	11/19/2015	VOLT MANAGEMENT CORP.	CONTRACT EMPLOYMENT	1,914.04	
111156	11/19/2015	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	793.13	
111157	11/19/2015	WURTH USA WEST INC.	SHOP SUPPLIES	709.23	
111158	11/19/2015	ALEXANDER YOUNG	RETIREE HEALTH REIMBURSEMENT	195.49	
111159	11/25/2015	ACCONTEMPS DBA	CONTRACT EMPLOYMENT	304.72	
111160	11/25/2015	BANK OF AMERICA, N.A.	CREDIT CARD PURCHASES	2,818.15	
111161	11/25/2015	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	98.00	
111162	11/25/2015	MARY DEAIL	PAYROLL RELATED	106.15	
111163	11/25/2015	FEDEX dba	FREIGHT CHARGES	150.29	
111164	11/25/2015	CARLOS FLORES	TOOL ALLOWANCE	1,100.00	
111165	11/25/2015	STATE OF CALIFORNIA/FTB	PAYROLL RELATED	77.80	
111166	11/25/2015	STATE OF CALIFORNIA	PAYROLL RELATED	506.97	
111167	11/25/2015	GRAYPHICS DIGITAL IMAGING DB	PRINTING SERVICES	373.16	
111168	11/25/2015	IPC (USA), INC.	BUS FUEL	74,143.18	
111169	11/25/2015	SHERIFF CIVIL BUREAU	PAYROLL RELATED	401.10	
111170	11/25/2015	NATIONAL DRIVE	PAYROLL DEDUCTION	96.00	

Check #	Date	Company	Description	Amount	Voids
111171	11/25/2015	ANN BRADY OTTIERI	PAYROLL RELATED	277.00	
111172	11/25/2015	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	1,060.00	
111173	11/25/2015	SANTA BARBARA SHERIFF'S DEPT	PAYROLL RELATED	75.00	
111174	11/25/2015	SB CITY OF-REFUSE/WATER	UTILITIES	774.33	
111175	11/25/2015	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	387.85	
111176	11/25/2015	UNITED PARCEL SERVICE, INC.	FREIGHT CHARGES	465.97	
111177	11/25/2015	UNITED WAY OF SB	PAYROLL DEDUCTION	73.00	
111178	11/25/2015	U.S. DEPARTMENT OF EDUCATION	PAYROLL RELATED	271.77	
111179	11/25/2015	VALLEY POWER SYSTEMS, INC.	BUS PARTS	1,850.90	
111180	11/25/2015	VERIZON CALIFORNIA	TELEPHONES	1,923.14	
111181	11/25/2015	VERIZON WIRELESS	WIRELESS PHONES	443.25	
111182	11/25/2015	YACO SCHOLARSHIP FUND	PAYROLL DEDUCTION	118.00	
				<b>401,052.80</b>	
				<b>Current Cash Report Voided Checks:</b>	0.00
				<b>Prior Cash Report Voided Checks:</b>	0.00
				<b>Grand Total:</b>	<b>\$401,052.80</b>

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**Santa Barbara Metropolitan Transit District**  
**Cash Receipts of Accounts Receivable**

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<b>Date</b>	<b>Company</b>	<b>Description</b>	<b>Amount</b>
10/14/2015	UCSB Administration Services Div.	Transit Enhancement Aug '15 - June '16	323,814.00
11/17/2015	S.B.C.A.G.	CEL Commuter Service Aug '15	24,739.00
11/18/2015	Department of Rehabilitation	Passes/Passports Sales	504.00
11/18/2015	SB School District	Passes/Token Sales	41,250.00
11/18/2015	Stevens and Associates	Advertising on Buses	1,660.00
11/18/2015	Stevens and Associates	Advertising on Buses	1,660.00
11/23/2015	MacDonald Media	Advertising on Buses	12,605.50
<b>Total Accounts Receivable Paid During Period</b>			<b>\$406,232.50</b>

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**Santa Barbara Metropolitan Transit District**  
**Cash Report**  
**Board Meeting of December 15, 2015**  
**For the Period December 1, 2015 through December 7, 2015**

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**MONEY MARKET**

**Beginning Balance December 1, 2015** **\$9,406,766.96**

Accounts Receivable	2,566,996.77
Passenger Fares	63,056.51
Advertising/Prepaid Deposits	7,368.00
FTA Operating Assistance	3,415.00
Measure "A"	<u>(192,484.18)</u>
<b>Total Deposits</b>	<b>2,448,352.10</b>

Operations Transfer	<u>(84,298.57)</u>
<b>Total Disbursements</b>	<b>(84,298.57)</b>

**Ending Balance** **\$11,770,820.49**

**CASH INVESTMENTS**

LAIF Account	\$3,343,048.17
Money Market Account	<u>11,770,820.49</u>

**Total Cash Balance** **\$15,113,868.66**

**SELF INSURED LIABILITY ACCOUNTS**

WC / Liability Reserves	(\$3,915,465.96)
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**Working Capital** **\$11,198,402.70**

**Santa Barbara Metropolitan Transit District  
Accounts Payable**

Check #	Date	Company	Description	Amount	Voids
111183	12/3/2015	ASBURY ENVIRONMENTAL SERVI	WASTE OIL RECYCLER	65.00	
111184	12/3/2015	AXLE TECH INTERNATIONAL	D BUS PARTS & REPAIRS	146.07	
111185	12/3/2015	BIG BRAND TIRES, BRANDCO	BILL SERVICE VEHICLE MAINTENANCE	53.07	
111186	12/3/2015	BLACK GOLD INDUSTRIES, CORP	OIL/ATF RECYCLING	4,680.50	
111187	12/3/2015	BROOKS INSTITUTE HOLDING LLC	REIMBURSEMENT	4,564.75	
111188	12/3/2015	BUENA TOOL, INC.	SHOP/B&G SUPPLIES	53.62	
111189	12/3/2015	CALIFORNIA ELECTRIC SUPPLY, I	SHOP/B&G SUPPLIES	304.31	
111190	12/3/2015	CAPITOL HARDWARE & BUILDING	B&G SUPPLIES	10.53	
111191	12/3/2015	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	25.31	
111192	12/3/2015	CAL COAST GLASS TINT	WINDOW TINTING	289.00	
111193	12/3/2015	CHK AMERICA INC.	SCHEDULE INFO & SYSTEM MAP	84.24	
111194	12/3/2015	CINTAS CORPORATION	FIRST AID SUPPLIES	338.15	
111195	12/3/2015	COAST TRUCK PARTS	BUS PARTS	165.47	
111196	12/3/2015	CUMMINS PACIFIC, LLC	BUS PARTS	3,090.42	
111197	12/3/2015	DOCUPRODUCTS CORPORATION	COPIER MAINTENANCE/SUPPLIES	369.87	
111198	12/3/2015	GENFARE, A DIVISION OF SPX COR	FAREBOX REPAIRS & PARTS	548.04	
111199	12/3/2015	GIBBS INTERNATIONAL INC	BUS PARTS	1,102.05	
111200	12/3/2015	GILLIG LLC	BUS PARTS	6,446.62	
111201	12/3/2015	GOODYEAR TIRE & RUBBER CO	LEASED TIRES	915.46	
111202	12/3/2015	H.G. MAKELIM CO., INC.	BUS PARTS	1,301.24	V
111203	12/3/2015	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	46.55	
111204	12/3/2015	INTERSTATE BATTERY OF SIERRA	EV ACCESSORY BATTERIES	980.42	
111205	12/3/2015	IPC (USA), INC.	BUS FUEL	24,714.04	
111206	12/3/2015	LAWSON PRODUCTS INC	SHOP SUPPLIES	240.47	
111207	12/3/2015	LIFELOC TECHNOLOGIES, INC.	BREATH ANALYZER TRAINING	176.00	
111208	12/3/2015	LA CUMBRE FEED, INC.	SOFT WATER SYSTEM SUPPLIES	394.79	
111209	12/3/2015	LUMINATOR MASS TRANSIT	BUS PARTS	1,045.14	
111210	12/3/2015	MC CORMIX CORP. (OIL)	LUBRICANTS	6,170.03	
111211	12/3/2015	MC CORMIX CORP. (GAS)	FUEL-SERVICE VEHICLES	1,397.34	
111212	12/3/2015	MCMaster-CARR SUPPLY CO.	SHOP/B&G SUPPLIES	273.94	
111213	12/3/2015	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	848.05	
111214	12/3/2015	MOUNTAIN SPRING WATER	SHOP & OFFICE SUPPLIES	1,011.95	
111215	12/3/2015	NEW FLYER INDUSTRIES CANADA	BUS PARTS	31.45	
111216	12/3/2015	NEW PIG CORP.	B/G SUPPLIES (OF)	133.72	
111217	12/3/2015	NEWARK ELECTRONICS, CORP.	BUS PARTS	229.85	
111218	12/3/2015	NU-COOL REDI GREEN, INC	COOLANTS & SHOP SUPPLIES	626.94	
111219	12/3/2015	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS & SOFTWARE	778.88	
111220	12/3/2015	PETTY CASH- HAHN, STEVE	MISC SHOP NEEDS	141.76	

Check #	Date	Company	Description	Amount	Voids
111221	12/3/2015	RALPH'S GROCERY	SAFETY AWARDS	8,046.50	
111222	12/3/2015	SILVAS OIL CO., INC.	LUBRICANTS	573.34	
111223	12/3/2015	SM TIRE, CORP.	BUS TIRE MOUNTING	478.30	
111224	12/3/2015	SOAP MAN DISTRIBUTIN DBA	CLEANING SUPPLIES	196.02	
111225	12/3/2015	STAPLES INC. & SUBSIDIARIES	OFFICE SUPPLIES	458.07	
111226	12/3/2015	STEWART'S DE-ROOTING & PLUM	PLUMBING REPAIRS	835.88	
111227	12/3/2015	SB CITY OF-REFUSE/WATER	UTILITIES	3,875.87	
111228	12/3/2015	VALLEY POWER SYSTEMS, INC.	BUS PARTS	1,773.16	
111229	12/3/2015	VOLT MANAGEMENT CORP.	CONTRACT EMPLOYMENT	1,892.63	
111230	12/3/2015	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	1,527.00	
111231	12/3/2015	ACCONTEMPS DBA	CONTRACT EMPLOYMENT	1,523.60	
111232	12/3/2015	H.G. MAKELIM CO., INC.	BUS PARTS	624.40	
				<b>85,599.81</b>	
			<b>Current Cash Report Voided Checks:</b>	1,301.24	
			<b>Prior Cash Report Voided Checks:</b>	0.00	
			<b>Grand Total:</b>	<b>\$84,298.57</b>	

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**Santa Barbara Metropolitan Transit District  
Cash Receipts of Accounts Receivable**

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<b>Date</b>	<b>Company</b>	<b>Description</b>	<b>Amount</b>
12/2/2015	City of S.B. Waterfront Department	Waterfront Shuttle Service-Cruise Ship 11/10	4,312.16
12/2/2015	City of S.B. Waterfront Department	Waterfront Shuttle Service-Cruise Ship 11/5	4,312.16
12/2/2015	City of S.B. Waterfront Department	Waterfront Shuttle Service-Cruise Ship 11/3	4,312.16
12/2/2015	Coverly Professional Services	Advertising on Buses	1,507.20
12/2/2015	Local Transportation Fund	SB 325 - Nov. 2015	705,206.81
12/2/2015	Measure A, Section 3 LSTI	Measure "A" Funds - Nov. 2015	1,562.95
12/2/2015	Measure A, Section 3 LSTI	Measure "A" Funds - Nov. 2015	190,921.23
12/3/2015	Public Surplus	Sale of Surplus Property	1,351.92
12/7/2015	ASTI Holding Company, LLC	Overpass Property Lease - Dec. 2015	15,389.18
12/7/2015	Federal Transit Administration	FTA Operating Assistance - June 2015	1,638,121.00
<b>Total Accounts Receivable Paid During Period</b>			<b>\$2,566,996.77</b>

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## BOARD OF DIRECTORS REPORT

**MEETING DATE:** December 15, 2015

**AGENDA ITEM #:** 7

**TYPE:** Information

**PREPARED BY:** Brad Davis

\_\_\_\_\_  
*Signature*

**REVIEWED BY:** General Manager

\_\_\_\_\_  
*GM Signature*

**SUBJECT:** **Presentation of Fiscal Year 2014-15 Financial Statements & Compliance Report**

### **DISCUSSION:**

A representative of McGowan Guntermann will present the District's Financial Statements and Compliance Report for fiscal year 2014-15.



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, Fax: (805) 962-8925, www.mcgowan.com

## Board Communication Letter

December 9, 2015

Board of Directors  
Santa Barbara Metropolitan Transit District  
550 Olive Street  
Santa Barbara, CA 93101

Dear Board Members:

We have audited the financial statements of Santa Barbara Metropolitan Transit District for the year ended June 30, 2015, and have issued our report thereon dated December 9, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and *OMB Circular A-133*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 2, 2015. Professional standards require that we provide you with 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 the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2015. 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, with the exclusion of the pension liability and related accounting required by Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71 *Pension Transition for Contributions Made Subsequent to Measurement Date* related to its participation in the Western Conference of Teamsters Pension Plan, which is required to be implemented in the June 30, 2015 financial statements. The actuarial study, and needed audit of that study related to the District's participation in this cost-sharing defined benefit plan has not been performed. This resulted in a qualification to the audit report.

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 estimates affecting the financial statements were:

- Management's estimate of the lives of fixed assets is based on past history as well as the lives prescribed by the Federal Transportation Administration.

*Qualitative Aspects of Accounting Practices (continued)*

- Management's estimate of legal liability reserves is based on past history as well as values estimated by legal counsel
- The estimate of the accrued post-employment health benefits and workers compensation reserve prepared by the actuaries

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

The audit this year addressed the issues related to the Teamsters' pension liability as stated previously under *Qualitative Aspects of Accounting Practices*. The complex implementation of the governmental accounting standards related to this were experienced industry-wide. Other than that there were no difficulties with performing the 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 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 the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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 received certain representations from management that are included in the management representation letter dated December 9, 2015.

*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.

Board of Directors  
December 9, 2015  
Page Three

*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.

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.

We would like to thank the District team for their assistance during the audit.

This information is intended solely for the use of the Board of Directors and management of Santa Barbara Metropolitan Transit District and should not be used by anyone other than these specified parties.

After the board has reviewed this letter, please have a member of the board sign a copy and return it to us in the attached envelope.

**McGOWAN GUNTERMANN**

A handwritten signature in cursive script that reads "Scott Davis".

Scott Davis, CPA  
Audit Partner

**SANTA BARBARA  
METROPOLITAN TRANSIT DISTRICT**

**COMPLIANCE REPORTS**

**JUNE 30, 2015**

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

JUNE 30, 2015

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards*

Board of Directors  
Santa Barbara Metropolitan Transit District

We have audited, in accordance with the 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, the financial statements of Santa Barbara Metropolitan Transit District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 9, 2015, which was qualified.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McGowan Guntermann*

December 9, 2015



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## Independent Auditor's Report on State Compliance

Board of Directors  
Santa Barbara Metropolitan Transit District

### **Report on Compliance with Transportation Development Act Requirements**

We have audited the Santa Barbara Metropolitan Transit District's (the District) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the District were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Santa Barbara County Association of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2015.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion for each of the District's compliance requirement referred to in Section 6667, which requires that for a transit claimant, the independent auditor shall perform at least the following tasks:

- (a) Determine whether the claimant was an entity eligible to receive the funds allocated to it,
- (b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code section 99234,
- (c) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualifying purposes, including Public Utilities Code sections 99262 and 99263 for operators receiving funds under article 4, sections 99275, 99275.5 and 99277 for article 4.5 claimants, and section 99400( c), (d), and (e) for article 8 claimants for service provided under contract, and section 99405(d) for transportation services provided by cities and countries with populations of less than 5,000,
- (d) Determine whether the funds received by the claimants pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation-planning agency and in compliance with the allocation instructions and resolutions,

- (e) Determine whether interest earned on funds received by the claimant, pursuant to the Act were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code sections 99234.1, 99301, 99301.5, 99301.6,
- (f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in sections 6633.2 and 6633.5 and the amount of the sum of fare revenues and local support required to meet the ratios specified in the section 6633.2,
- (g) Verify the amount of the claimant's actual fare revenues for the fiscal year,
- (h) Verify the amount of the claimant's actual local support for the fiscal year,
- (i) Verify the amount of the claimants was eligible to receive under the Act during the fiscal year in accordance with sections 6634 and 6649,
- (j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with section 6633.1,
- (k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code sections 99271, 99272, 99273,
- (l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with section 1808.1 of the Vehicle Code, as required in Public Utilities Code section 99251,
- (m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code section 99314.6 or 99314.7, and
- (n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code sections 99155 and 99155.5. Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

### ***Opinion on Transportation Development Act Compliance***

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the Program for the year ended June 30, 2015.

### ***Purpose of this Report***

The purpose of this report on compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the TDA. Accordingly, this report is not suitable for any other purpose.

## Report on Public Transportation Modernization Improvement and Service Enhancement Account

Also, as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA).

Additionally, section 8879.23 (h) directs that \$1 billion dollars be deposited in the Transit System Safety, Security and Disaster Response Account. This section further directs that \$100 million dollars be made available upon appropriation by the legislature to entities for eligible transit system safety, security and disaster response projects. These funds are available to the California Department of Transportation for intercity rail projects and to transit operations in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

As of June 30, 2015, all Proposition 1B funds received and expended were verified in the course of our current and previous audits as follows:

	<u>PTMISEA</u>	<u>OHS</u>	<u>Total</u>
Unexpended proceeds July 1, 2014	\$ 2,572,002	\$ 764,692	\$ 3,336,694
For the year ended June 30, 2015:			
Proceeds received	3,121,161	237,322	3,358,483
Interest earned	6,287	1,486	7,773
Expenditures	<u>-</u>	<u>(500,301)</u>	<u>(500,301)</u>
Unexpended proceeds – year end	<u>\$ 5,699,450</u>	<u>\$ 503,199</u>	<u>\$ 6,202,649</u>

### *Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's compliance with the applicable bond act and state accounting requirements.

*McGowan Guntermann*

December 9, 2015



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Independent Auditor’s Report on Compliance for  
Each Major Program and on Internal Control over  
Compliance Required by *OMB Circular A-133* and  
Schedule of Expenditures of Federal Awards

Board of Directors  
Santa Barbara Metropolitan Transit District

**Report on Compliance for Each Major Federal Program**

We have audited the Santa Barbara Metropolitan Transit District’s (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2015. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

## Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 9, 2015, which contained a qualified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*McGowan Guntermann*

December 9, 2015

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2015

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION – Federal Transit Administration			
Operating Grant	20.507	CA-90-Z164-00	\$ 4,914,363
Operating/Capital Grant	20.507	CA-90-Y035-02	12,325
Capital Grant	20.507	CA-04-068-02	<u>14,038</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,940,726</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2015

**Note 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Santa Barbara Metropolitan Transit District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2015

**Section I—Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: **qualified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **none reported**

No instances of noncompliance material to financial statements were disclosed by the audit.

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **none reported**

Type of auditor’s report issued on compliance for major programs: **unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **No**

Identification of major programs:

CFDA Number

20.507

Name of Federal Program or Cluster

U.S. DEPARTMENT OF TRANSPORTATION - Federal Transit Administration

Dollar threshold used to distinguish between type A and type B programs: **\$300,000**

Auditee qualified as low-risk auditee? **Yes**

**Section II—Financial Statement Findings**

Management has not obtained an actuarial valuation analysis in order to implement Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71 *Pension Transition for Contributions Made Subsequent to Measurement Date* related to its participation in the Western Conference of Teamsters Pension Plan, which is required to be implemented in the June 30, 2015 financial statements. The amount by which this departure would affect the assets, liabilities, net position and expenses and the related disclosures of the District has not been determined.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2015

**Section III—Federal Award Findings and Questioned Costs**

NO FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2014

**Section III—Federal Award Findings and Questioned Costs**

NO FINDINGS FOR THE YEAR ENDED JUNE 30, 2014

**SANTA BARBARA  
METROPOLITAN TRANSIT DISTRICT  
FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015 AND 2014**

# SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

June 30, 2015 and 2014

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Santa Barbara Metropolitan Transit District  
Santa Barbara, California

We have audited the accompanying financial statements as listed in the preceding table of contents of the Santa Barbara Metropolitan Transit District (District) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions 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 auditor's 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 opinions.

## **Basis for Qualified Opinion**

Management has not obtained an actuarial valuation analysis in order to implement Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71 *Pension Transition for Contributions Made Subsequent to Measurement Date* related to its participation in the Western Conference of Teamsters Pension Plan, which is required to be implemented in the June 30, 2015 financial statements. The amount by which this departure would affect the assets, liabilities, net position and expenses and the related disclosures of the District has not been determined.

## **Opinion**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on General Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Barbara Metropolitan Transit District as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years 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 management’s discussion and analysis on pages I - VI and the schedule of funding progress of other postemployment healthcare plan on page 29, 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.

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 on our consideration of the District’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 District’s internal control over financial reporting and compliance.

*McGowan Guntermann*

December 9, 2015

## Management's Discussion and Analysis for Fiscal Year 2014-15

This report provides a narrative and analytical overview of the financial activities of the Santa Barbara Metropolitan Transit District (District). The District's basic financial statements are prepared using proprietary fund (enterprise fund) accounting, the same basis of accounting as that used by private-sector business enterprises. The District operates under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. These are followed by notes to the financial statements and required supplementary information.

### Financial Reports

The statements of net position present information on the assets and liabilities, with the difference between the two reported as net position.

The statements of revenue, expenses and changes in net position report the District's annual operating and non-operating revenue and expenses combined with any capital grants (net of depreciation expense) to determine the change in net position for the fiscal years. That change, combined with the previous year-end net position total, reconciles to the net position total at the end of the fiscal years. The statement of expenses reports detailed amounts of operating costs incurred during the fiscal years.

The statements of cash flows report annual cash and cash equivalent activities resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net result of these activities, added to the beginning of the year cash balance, agrees to the cash and cash equivalent balance at the end of the fiscal years. Certificates of deposit that exceed ninety days on acquisition are not considered cash equivalents.

### Financial Summary

The Net Position of the District increased by 9% to approximately \$45.3 million during the latest fiscal year. The change is composed of growth in all three Net Position categories: capital assets, restricted net position, and unrestricted net position. The District completed fiscal year 2014-15 with an approximately \$1.2 million increase in its Unrestricted Net Position as the result of lower than anticipated operating expenses. The majority of the increase was derived from unfilled staff positions that resulted in one-time savings in wages and fringe benefits along with better than expected workers compensation performance. These latter costs were also under budget by \$822,000 or 5% of the budgeted amounts. An additional significant component was Sales Tax Revenue Local Transportation Fund which exceeded budget projections by \$183,000.

Net Position	<u>2015</u>	<u>2014</u>
Invested in capital assets	\$28,780,285	\$28,948,306
Restricted	6,202,649	3,336,694
Unrestricted	10,293,617	9,133,078
Total Net Position	<u>\$45,276,551</u>	<u>\$41,418,078</u>

### Assets and Liabilities

The District uses proceeds from local, state and federal grants to acquire its capital assets. Net assets serve as a useful indicator of an agency's financial position.

Assets	<u>2014-15</u>	<u>2013-14</u>
Current Assets	\$19,104,007	\$17,706,845
Non-Current Assets	<u>34,982,934</u>	<u>32,285</u>
Total Assets	<u>\$54,086,941</u>	<u>\$49,991,845</u>
Liabilities		
Current Liabilities	\$2,059,029	\$2,087,885
Non-Current Liabilities	<u>6,751,361</u>	<u>6,485,882</u>
Total Liabilities	<u>8,810,390</u>	<u>8,573,767</u>

The net increase of approximately \$2.9 million in Restricted Net Position reflects the receipt of approximately \$3.3 million in Proposition 1B cash advances less the utilization of about \$400,000 of these funds for AVL expenditures. The ending balance of \$6,202,649 in Restricted Net Position is composed entirely of Proposition 1B cash advances, which are committed to the acquisition of buses, the AVL/Smartcard project and renovating the Transit Center. The automated vehicle location system is scheduled for completion in early calendar year 2016.

### Revenue, Expense and Performance Indicators

The District's three primary sources of operating revenue are passenger fares, federal operating assistance and Transportation Development Act (TDA) receipts. The approximately \$4.9 million in federal operating assistance was 0.6% under both the prior year's figure and the projected amount for fiscal year 2014-15. Passenger fares for fiscal year 2014-15 were \$8,275,150, versus \$8,127,762 in the prior year, a 1.8% increase. Fiscal year 2014-15 is the second year passenger fares increased over the prior year. January 2009 was the last fare rate change and the District experienced a decline in passenger fares up through fiscal year 2012-13.

<u>Fiscal Year</u>	<u>Passenger Fares</u>	<u>Change</u>
2014-15	\$8,275,150	1.8%
2013-14	\$8,127,762	0.6%
2012-13	\$8,082,232	-0.7%
2011-12	\$8,136,840	-0.2%
2010-11	\$8,149,358	-1.3%
2009-10	\$8,259,939	n/a

Local Transportation Funds (TDA-LTF) and State Transit Assistance (TDA-STA)

In fiscal year 2014-15, TDA-LTF funding increased by \$26,835 or less than 1% compared to the prior year. These funds are closely monitored as they are a significant percentage of the District's operating revenue. As mentioned above, TDA-LTF revenue surpassed the budget expectations by \$183,000. The District continues to utilize these funds to balance the operating budget, while TDA-STA funds continue to be used for capital acquisitions.

## TDA Operating &amp; Capital Revenue

	<u>FY14-15</u>	<u>FY13-14</u>	<u>FY12-13</u>	<u>FY11-12</u>	<u>FY10-11</u>
TDA - LTF	\$7,269,606	\$7,242,771	\$6,910,477	\$6,196,529	\$5,749,854
TDA - STA	1,664,693	123,878	84,740	259,569	513,984
	<u>\$8,934,299</u>	<u>\$7,366,649</u>	<u>\$6,995,217</u>	<u>\$6,456,098</u>	<u>\$6,263,838</u>

The use of TDA-STA for capital acquisitions increased by approximately \$1.5 million in fiscal year 2014-15. The total reimbursement requested for capital acquisitions during the year was \$1,664,693. The District has approximately \$7.5 million in TDA-STA funds allocated for future capital purchases from which it can draw. The funds are intended to be used on scheduled and future bus purchases as well as other miscellaneous capital projects. The funds are held by the Santa Barbara County Association of Governments (SBCAG).

Fiscal year 2014-15 operating expenses, before depreciation, are approximately \$ 23.2 million and reflect an increase of less than 2% over the prior year. Wages, fringe benefits including costs associated with workers compensation are approximately \$17.4 million and account for 75% of the District's operating costs before depreciation in fiscal year 2014-15.

**Fiscal Year 2014-15 Financial Performance**

Financially the District performed very well in fiscal year 2014-15 compared to the budget. Largely due to areas previously identified such as wages and fringe benefits including workers compensation performance. Labor and fringe benefits excluding workers compensation is one time savings. During the year, the District experienced a high level of understaffing due to retirements and employees on leave of absences. In addition, positions slated to be filled during year did not come to fruition. These factors lead to coming in under budget by approximately \$319,000.

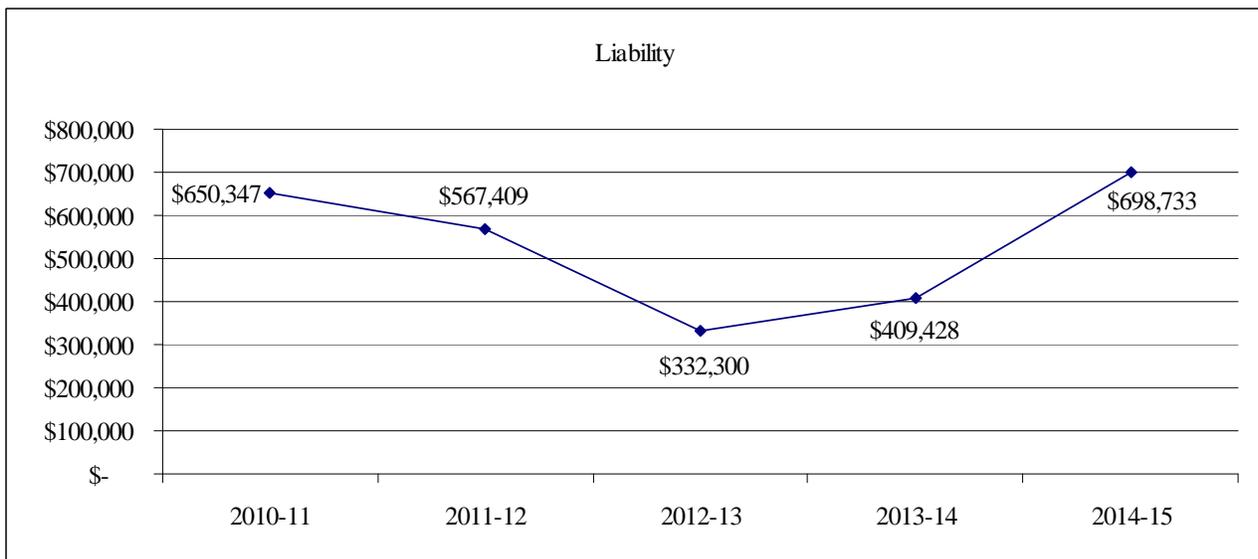
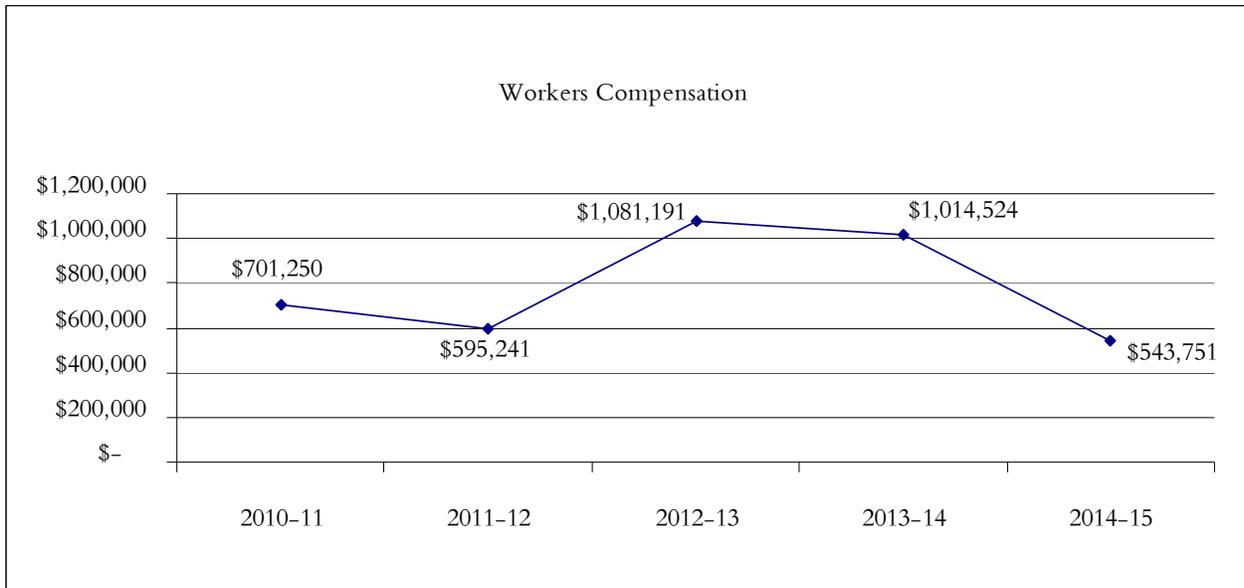
**Santa Barbara Metropolitan Transit District  
Revenue, Expense and Performance Report  
Years Ended June 30, 2015 and 2014**

	Actual FY 2014-15	Prior Year FY 2013-14	Actual vs. Prior % Change	Budget FY 2014-15	Actual vs. Budget % Change
Revenues:					
Passenger Fares	\$8,275,150	\$8,127,765	1.8%	\$8,374,757	-1.2%
Local Operating Assistance	136,237	202,483	-32.7%	76,091	79.0%
Non-Transportation Revenue (1)	781,640	825,217	-5.3%	779,032	0.3%
Total:	\$9,193,027	\$9,155,465	0.4%	\$9,229,880	-0.4%
Major Subsidies:					
<b>Operating</b>					
TDA-LTF	\$7,269,606	\$7,242,771	0.4%	\$7,086,422	2.6%
Federal Operating Assistance	4,914,363	4,943,999	-0.6%	4,943,999	-0.6%
Measure A	1,972,107	1,890,866	4.3%	1,977,464	-0.3%
Property Tax	1,028,132	985,328	4.3%	965,000	6.5%
Total:	\$15,184,208	\$15,062,964	0.8%	\$14,972,885	1.4%
<b>Capital</b>					
TDA-LTF and TDA-STA	\$1,664,693	\$123,878	1243.8%	\$7,358,851	-77.4%
Federal Grants	26,363	23,212	13.6%	2,796,554	-99.1%
Measure A	1,281,428	190,276	573.5%	2,204,579	-41.9%
Proposition 1B	3,358,483	264,214	1171.1%	3,077,593	9.1%
Total:	\$6,330,967	\$601,580	952.4%	\$15,437,577	-59.0%
<b>Total Revenue</b>	<b><u>\$30,708,202</u></b>	<b><u>\$24,820,009</u></b>	<b>23.7%</b>	<b><u>\$39,640,342</u></b>	<b>-22.5%</b>
Expenses:					
Vehicle Operations	\$13,510,763	\$13,026,263	3.7%	\$14,046,696	-3.8%
Vehicle Maintenance	5,492,877	5,692,759	-3.5%	5,868,994	-6.4%
Passenger Facilities	1,502,498	1,350,017	11.3%	1,526,169	-1.6%
General Overhead	2,530,480	2,548,228	-0.7%	2,672,534	-5.3%
Retire Health and OPEB	216,712	207,974	4.2%	88,372	145.2%
Total:	\$23,253,330	\$22,825,241	1.9%	\$24,202,765	-3.9%
Depreciation	\$3,595,013	\$3,271,993			
<b>Total Expense</b>	<b><u>\$26,848,343</u></b>	<b><u>\$26,097,234</u></b>			
Performance Indicators:					
Total Passengers	7,487,113	7,623,860	-1.8%		
Revenue Hours	206,607	201,234	2.7%		
Revenue Miles	2,577,324	2,556,499	0.8%		
Farebox Ratio (2)	35.6%	35.6%	-0.1%		
Cost/Passenger	\$3.11	\$2.99	3.7%		
Cost/Hour	\$112.55	\$113.43	-0.8%		
Cost/Mile	\$9.02	\$8.93	1.1%		
Passenger/Hour	36.24	37.89	-4.3%		
Passenger/Mile	2.90	2.98	-2.6%		

(1) Of the \$781,640 in non-transportation revenue for fiscal year 2014-15, \$532,773 was generated by advertising revenue. The District offers advertising opportunities on the inside and outside of its buses.

(2) Farebox Ratio is a standard transit performance indicator that is calculated by dividing operating expenses, less depreciation and interest, by passenger fares.

The District’s self insured workers compensation and liability program were additional factors in outperforming projected costs. Workers compensation costs came in under budget by 48% or \$503,000. In comparison to the prior year, there was a \$471,000 decrease in this cost. Liability costs came in higher than the budget amount by 43% or \$ 210,000. When comparing Liability costs to the prior year, there was a \$289,000 or 70% increase. Workers compensation and liability cost have the potential to be unstable, but this year the performance of workers compensation partially offset the increases with liability costs.



The cost of diesel fuel and lubricants, including service vehicle expense and electric bus power, was \$2,252,265, a decrease of about \$56,000 from the prior year. This was primarily due to the District’s fixed-price diesel fuel contract for its bus fleet, which was \$2.93 per gallon for the last six months of the year, and \$3.06 during the first six months. The District’s primary goal pertaining to the fixed-price diesel fuel contract is to ensure price stability.

<b>Sales Tax Revenue, TDA-LTF</b>					
(End-of-year payments applied to fiscal year in which they were received by the County)					
	<b>Actual FY 2014-15</b>	<b>Actual FY 2013-14</b>	<b>Actual FY 2012-13</b>	<b>Actual FY 2011-12</b>	<b>Actual FY 2010-11</b>
EOY	\$0	\$308,621	\$528,867	\$205,379	\$0
Jul	483,101	479,991	440,842	418,070	365,398
Aug	644,317	640,102	591,246	557,628	487,191
Sep	740,333	594,593	633,225	615,272	618,759
Oct	507,546	501,987	453,220	402,094	390,803
Nov	676,857	669,665	607,944	536,746	521,319
Dec	706,944	584,360	656,868	716,945	606,422
Jan	518,216	479,468	465,684	443,233	421,218
Feb	691,145	629,406	621,072	591,201	561,843
Mar	620,786	692,255	555,128	591,919	493,126
Apr	454,546	454,330	437,868	402,671	357,329
May	606,238	605,914	583,983	537,303	524,276
Jun	619,577	602,078	334,531	178,068	402,167
<b>Total:</b>	<b>\$7,269,606</b>	<b>\$7,242,771</b>	<b>\$6,910,477</b>	<b>\$6,196,529</b>	<b>\$5,749,853</b>

TDA-LTF sales tax revenue of \$7,269,606 represented an increase of less than 1% over prior year. TDA-LTF sales tax revenue is relied upon to balance the operating budget and in fiscal year 2014-15 the amount received was sufficient to do so. The actuarially-derived estimated liability expense for retiree health insurance (OPEB) was \$149,000 and that for workers compensation was \$146,000. Both liabilities remain unfunded "pay-as-you-go" at this time. Management plans on proposing to begin funding these liabilities in the coming year.

### **Financial Outlook**

The District increased service levels in the current year with operating funding provided by UCSB to pay for additional service on the Lines 12x and 24x. Service is scheduled to expand, with financial assistance from UCSB, in the following year with the introduction of the Line 38 serving UCSB North Hall to Camino Real Marketplace.

Employee wage rates will rise in fiscal year 2015-16 consistent with the terms of the collective bargaining agreement. The current agreement expires at the end of fiscal year 2015-16; hence negotiations for a new agreement will begin in the spring of 2016.

The two-year federal Transportation Bill (MAP-21) has been extended. However, the House of Representatives and the Senate have each passed their own long-term transportation bill. The House and Senate are currently negotiating to resolve the differences between their respective multi-year surface transportation reauthorization proposals. Management is optimistic that a new transportation spending bill will not significantly reduce federal formula funding to public

transit. MAP-21 legislation resulted in an increase in annual federal 5307 formula funding to \$4.8 million from \$4.3 million. The increase was due predominantly to a 50% increase in the Small Transit Intensive Cities (STIC) program, which is a component of the 5307 formula funding.

The Santa Barbara County Board of Supervisors recently approved the rezoning of the parcels owned by MTD from agriculture to housing. The MTD Board of Directors has formed an ad-hoc committee to identify and prepare a recommendation to the full board on how best to proceed with the future use of the aforementioned property.

### *Capital Budget*

The state of California has continued to fund the State Transit Assistance (TDA-STA) program the past few years despite critical general fund needs. Voter approval of Proposition 30 provided the State with some temporary relief. However, state budget deficits may become a concern again in the future, which may call into question the reliability of the TDA-STA funding source for the District. With the appropriation of various one-time federal and state grants, including the remaining balance of TDA-STA funds and the initiation of the Measure A – Transit Capital Program, the District's capital budget is projected to be made whole without the use of TDA-LTF sales tax revenue.

Below is a list of other significant issues that will impact the District's finances in the near future:

- Electric shuttle acquisitions – The District is planning to replace its fleet of electric shuttles once funding and modern technology are identified and acquired.
- Diesel bus replacements -Eight replacement 40' buses are budgeted and will be paid for with a combination of Proposition 1B and federal 5339 capital funds.
- The District has secured funding for a Smartcard project, and the refurbishment of the Transit Center.
- Improvements to the Olive Street facility are also underway and scheduled for completion in calendar year 2016.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

STATEMENTS OF NET POSITION

June 30, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 15,132,316	\$ 15,814,022
Grants receivable	2,387,268	333,043
Other receivable	201,410	169,773
Materials and supplies inventories	1,176,654	1,102,634
Other current assets	<u>206,359</u>	<u>287,373</u>
Total Current Assets	<u>19,104,007</u>	<u>17,706,845</u>
<b>NON-CURRENT ASSETS</b>		
Cash restricted for capital support	6,202,649	3,336,694
Capital assets:		
Tangible transit operating property	66,464,636	63,346,400
Less: Accumulated depreciation	<u>(37,684,351)</u>	<u>(34,398,094)</u>
Capital Assets, net	<u>28,780,285</u>	<u>28,948,306</u>
Total Non-Current Assets	<u>34,982,934</u>	<u>32,285,000</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 54,086,941</b></u>	<u><b>\$ 49,991,845</b></u>

LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 388,016	\$ 408,129
Accrued payroll including compensated absences	763,959	704,667
Accrued expenses	<u>907,054</u>	<u>975,089</u>
Total Current Liabilities	<u>2,059,029</u>	<u>2,087,885</u>
<b>NON-CURRENT LIABILITIES</b>		
Compensated absences payable	712,540	730,720
Accrued damage, injury, and employee claims	3,146,821	3,012,162
Accrued other post employment benefits	<u>2,892,000</u>	<u>2,743,000</u>
Total Non-Current Liabilities	<u>6,751,361</u>	<u>6,485,882</u>
Total Liabilities	8,810,390	8,573,767
<b>NET POSITION</b>		
Invested in capital assets	28,780,285	28,948,306
Restricted	6,202,649	3,336,694
Unrestricted	<u>10,293,617</u>	<u>9,133,078</u>
TOTAL NET POSITION	<u>45,276,551</u>	<u>41,418,078</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><b>\$ 54,086,941</b></u>	<u><b>\$ 49,991,845</b></u>

The accompanying notes are an integral part of these basic financial statements.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUE, NOT INCLUDING LOCAL AND FEDERAL ASSISTANCE</b>		
Passenger fares	\$ 8,275,150	\$ 8,127,762
<b>OPERATING EXPENSES</b>		
Vehicle operations	13,510,763	13,026,262
Vehicle maintenance	5,492,877	5,692,758
Passenger facilities	1,502,498	1,350,016
General overhead	2,530,480	2,548,224
Postemployment health care benefits (Notes 15 - 16)	<u>216,712</u>	<u>207,974</u>
Total before Depreciation	23,253,330	22,825,234
Depreciation	<u>3,595,013</u>	<u>3,271,993</u>
Total Expenses	<u>26,848,343</u>	<u>26,097,227</u>
<b>OPERATING LOSS</b>	<u>(18,573,193)</u>	<u>(17,969,465)</u>
<b>NON-OPERATING REVENUE</b>		
Non-transportation revenue, including interest, advertising, rent and miscellaneous	781,640	825,217
Taxes levied by Santa Barbara County for Transit District	1,028,132	985,328
Transportation Development Act funding and allocations	8,934,299	7,366,649
Federal grants	4,940,726	4,920,840
Proposition 1B grants	3,358,483	264,214
Measure A grants	3,253,535	2,081,142
Miscellaneous grants	136,237	202,483
Loss on disposal of assets	<u>(1,386)</u>	<u>(62,168)</u>
Total Non-Operating Revenue	<u>22,431,666</u>	<u>16,583,705</u>
<b>CHANGE IN NET POSITION</b>	3,858,473	(1,385,760)
<b>BEGINNING OF YEAR NET POSITION</b>	<u>41,418,078</u>	<u>42,803,838</u>
<b>END OF YEAR NET POSITION</b>	<u>\$ 45,276,551</u>	<u>\$ 41,418,078</u>

The accompanying notes are an integral part of these basic financial statements.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

STATEMENTS OF EXPENSES  
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>LABOR</b>		
Operators' wages	\$ 6,499,198	\$ 6,326,225
Other salaries and wages	<u>3,770,128</u>	<u>3,826,913</u>
Total Labor	<u>10,269,326</u>	<u>10,153,138</u>
<b>FRINGE BENEFITS</b>		
Payroll taxes	939,304	919,095
Retirement plans	1,343,545	1,276,958
Health and welfare (Notes 15 and 16)	2,658,167	2,399,864
Workers compensation	543,751	1,014,524
Sick pay	291,196	260,574
Holiday pay	382,724	378,193
Vacation pay	795,065	781,285
Other paid absences	95,688	75,099
Uniforms and tool allowances	<u>69,131</u>	<u>46,622</u>
Total Fringe Benefits	<u>7,118,571</u>	<u>7,152,214</u>
<b>SERVICES</b>		
Professional and technical including directors' fees	394,989	346,088
Outside services	104,249	92,369
Contract maintenance services	495,587	332,886
Promotion and printing	<u>119,265</u>	<u>89,515</u>
Total Services	<u>1,114,090</u>	<u>860,858</u>
<b>MATERIALS AND SUPPLIES</b>		
Fuels and lubricants	2,173,264	2,226,490
Tires and tubes	155,752	149,126
Bus parts	546,021	632,100
Other materials and supplies	195,383	197,174
Electric bus power	<u>79,001</u>	<u>81,593</u>
Total Material and Supplies	<u>3,149,421</u>	<u>3,286,483</u>
<b>UTILITIES AND TELEPHONE</b>	<u>216,966</u>	<u>203,370</u>
<b>CASUALTY AND LIABILITY COSTS</b>	<u>565,471</u>	<u>338,753</u>
<b>PURCHASED TRANSPORTATION</b>	<u>629,064</u>	<u>624,268</u>
<b>MISCELLANEOUS EXPENSES</b>		
Dues and subscriptions	44,190	42,907
Travel, meetings and training	12,385	21,088
Purchased media	155	2,852
Other miscellaneous expenses	<u>133,691</u>	<u>139,303</u>
Total Miscellaneous Expenses	<u>190,421</u>	<u>206,150</u>
Total Expenses before Depreciation	23,253,330	22,825,234
<b>DEPRECIATION</b>	<u>3,595,013</u>	<u>3,271,993</u>
<b>TOTAL EXPENSES</b>	<u>\$ 26,848,343</u>	<u>\$ 26,097,227</u>

The accompanying notes are an integral part of these basic financial statements.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Receipts from transit customers	\$ 8,268,737	\$ 8,106,340
Payments to suppliers and vendors	(5,855,945)	(5,116,846)
Payments to employees/benefits	<u>(17,177,606)</u>	<u>(17,093,095)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(14,764,814)</u>	<u>(14,103,601)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating grants received	12,606,351	19,495,942
Non-transportation revenue, including advertising, rental and miscellaneous	746,613	754,911
Taxes levied by Santa Barbara County	<u>1,028,132</u>	<u>985,328</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>14,381,096</u>	<u>21,236,181</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of property and equipment	(3,445,619)	(5,038,659)
State of California Prop 1B grant advance	237,322	264,214
State of California Prop 1B PTMISA grant advance	3,156,590	-
Federal, state and local capital grants received	<u>2,579,798</u>	<u>1,542,451</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>2,528,091</u>	<u>(3,231,994)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned	<u>39,876</u>	<u>82,938</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>39,876</u>	<u>82,938</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	2,184,249	3,983,524
<b>CASH AND EQUIVALENTS</b>		
BEGINNING OF YEAR	<u>19,150,716</u>	<u>15,167,192</u>
END OF YEAR	<u>\$ 21,334,965</u>	<u>\$ 19,150,716</u>
Cash and equivalents	\$ 15,132,316	\$ 15,814,022
Cash restricted for capital support	<u>6,202,649</u>	<u>3,336,694</u>
<b>TOTAL CASH AND EQUIVALENTS</b>	<u>\$ 21,334,965</u>	<u>\$ 19,150,716</u>

The accompanying notes are an integral part of these basic financial statements.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (18,573,193)	\$ (17,969,465)
Charges to cost of service not requiring current expenditure of cash:		
Depreciation	3,595,013	3,271,993
Loss on disposal of assets	1,386	62,168
Changes in:		
Other receivable - excluding grants	(31,637)	(23,999)
Materials and supplies inventories	(74,020)	24,078
Other current assets	81,014	(105,687)
Accounts payable and accrued expenses net of capital acquisitions	(28,856)	58,165
Compensated absences payable	(18,180)	1,792
Accrued damage, injury, and employee claims	134,659	426,354
Accrued other post employment benefits	<u>149,000</u>	<u>151,000</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u>\$ (14,764,814)</u>	 <u>\$ (14,103,601)</u>

The accompanying notes are an integral part of these basic financial statements.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 – REPORTING ENTITY**

The Santa Barbara Metropolitan Transit District, a government entity, was formed under the terms of the Santa Barbara Metropolitan Transit District Act for 1965, Part 9, of the California Public Utilities Code amended in 1967. The District provides local public transportation services to the metropolitan Santa Barbara area which encompasses the outlying communities of Goleta, Montecito and Carpinteria.

In accordance with the requirements of Governmental Accounting Standards Board, the financial statements must present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

**Note 2 – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District, the reporting entity. The District accounts for its operations as an enterprise fund. Operating revenues and expenses result from providing transportation services. All other revenues and expenses are reported as nonoperating revenues and expenses. The accounting records of the District are subject to the uniform accounting system for transit districts as set forth by the Federal Transit Authority (FTA) and the State Controller.

Taxes, including homeowners' property tax relief, are remitted from the County Tax Collector. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1	
Levy Date	July 1 to June 30	
Due Date	November 1	(1st installment)
	February 1	(2nd installment)
Delinquent Date	December 10	(1st installment)
	April 10	(2nd installment)

Under California Law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the District based on complex formulas prescribed by state statutes.

# SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The District receives capital grants from certain governmental agencies to be used for various purposes connected with the planning, modernization, and expansion of transportation facilities and equipment. The amounts recorded as capital grant revenue and advances in fiscal 2015 and 2014 were \$3,445,618 and \$5,038,659, respectively.

For purposes of the statement of cash flows, the District considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Capital assets are stated at cost, less accumulated depreciation computed on the straight-line method over the following lives:

Buildings	20 to 40 years
Buses and equipment	3 to 12 years
Office and shop equipment	5 to 10 years
Automotive equipment	3 to 5 years

The inventories are composed of bus parts, fuels and lubricants and are valued at cost on a weighted-average basis.

The District accrues for vested vacation pay when it is earned by employees. The amount of vested vacation pay accrued as of June 30, 2015 and 2014 was \$809,713 and \$783,250, respectively.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Certain reclassifications have been made to the prior year's financial statements to conform to the 2015 presentation.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section or deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Note 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting period. Actual results could differ from those estimates.

Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 68 – In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The District has not determined its effect on the financial statements.

GASB Statement No. 71 – Subsequent to GASB Statement No 68 issuance, the GASB issued *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. These changes have the same effective date as GASB 68, and the District has not determined its effect on the financial statements.

Note 3 – DEPOSITS AND INVESTMENTS

At June 30, 2015 and 2014, the composition of cash deposits consisted of petty cash and change funds, money market accounts, and certificates of deposit as follows:

	<u>2015 Fair Value</u>	<u>2014 Fair Value</u>
Cash deposits		
Money market accounts	\$11,725,496	\$12,415,863
Prop 1B-OHS savings	503,199	764,692
Prop 1B-PTMISEA savings	5,699,450	2,572,002
Local Agency Investment Fund (LAIF)	<u>3,340,359</u>	<u>3,331,694</u>
Total cash deposits	21,268,504	19,084,251
Petty cash and change funds	<u>66,461</u>	<u>66,461</u>
Total	<u>\$21,334,965</u>	<u>\$19,150,712</u>

# SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 3 – DEPOSITS AND INVESTMENTS (continued)

#### Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District 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 does not contain legal or policy requirements that would limit the District's exposure to custodial credit risk for deposits, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. All of the District's funds are held in two financial institutions, Union Bank (Bank) and the State of California's Local Agency Investment Fund (LAIF). All of these funds are insured or collateralized. The Bank funds are collateralized by the Bank's trust department but not in the District's name. The District does not have a formal investment policy. As of June 30, 2015 the District had \$503,199 of Prop 1B-OHS cash restricted for use in acquiring AVL/security cameras for the District. The District also had \$5,699,450 of Prop 1B-PTMISEA cash restricted for the acquisition of replacement buses (\$2,785,758), AVL/Smartcards (\$1,913,962), and Transit Center renovation projects (\$1,000,000).

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool as of June 30, 2015, \$3,340,359, is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The interest rate of the LAIF is determined by the yield received on a combination of pooled U.S. Government treasury investments, along with federal agency coupons, certificates of deposit, bankers' acceptances, commercial paper, and other debt instruments, which was approximately 0.24% for the fiscal year ended June 30, 2015.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

NOTES TO FINANCIAL STATEMENTS

Note 4 – RECEIVABLES

Grants receivable at June 30, 2015 and 2014, are summarized as follows:

	<u>2015</u>	<u>2014</u>
Federal Transit Administration	\$ 1,664,484	\$ 18,889
State Transit Assistance Fund (SB 620)	182,468	123,878
Other grants	<u>540,316</u>	<u>193,744</u>
	<u>\$ 2,387,268</u>	<u>\$ 336,511</u>
Other receivables are as follows		
Trade receivables	<u>\$ 201,410</u>	<u>\$ 166,305</u>

Note 5 – CAPITAL ASSETS

Changes in transit operating property during the years ended June 30, 2015 and 2014, are as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Reclassi- fications</u>	<u>Disposals</u>	<u>June 30, 2015</u>
Capital assets not depreciated					
Land	\$ 5,596,296	\$ -	\$ -	\$ -	\$ 5,596,296
Work in process	357,025	761,563	-	(14,395)	1,104,193
Capital assets depreciated					
Buildings	12,921,894	8,089		(424)	12,929,559
Buses	39,944,649	2,595,186	-	(285,978)	42,253,857
Other equipment	<u>4,526,536</u>	<u>80,780</u>	<u>-</u>	<u>(26,586)</u>	<u>4,580,730</u>
	<u>\$ 63,346,400</u>	<u>\$ 3,445,618</u>	<u>\$ -</u>	<u>\$ (327,383)</u>	<u>\$ 66,464,635</u>

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Reclassi- fications</u>	<u>Disposals</u>	<u>June 30, 2014</u>
Capital assets not depreciated					
Land	\$ 5,596,296	\$ -	\$ -	\$ -	\$ 5,596,296
Work in process	245,854	183,145	(31,547)	(40,428)	357,024
Capital assets depreciated					
Buildings	12,879,816	64,077	-	(21,999)	12,921,894
Buses	37,467,385	4,674,799	31,547	(2,229,081)	39,944,650
Other equipment	<u>4,600,108</u>	<u>116,638</u>	<u>-</u>	<u>(190,210)</u>	<u>4,526,536</u>
	<u>\$ 60,789,459</u>	<u>\$ 5,038,659</u>	<u>\$ -</u>	<u>\$ (2,481,718)</u>	<u>\$ 63,346,400</u>

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6 – NET POSITION**

The majority of unrestricted net position represents excess Transportation Development Act revenue received. Pursuant to Section 6634 of the California Administrative Code - Transportation Development Act, a transit claimant is precluded from receiving monies from the Local Transportation Fund and State Transit Assistance Fund in an amount which exceed that claimant's capital and operating costs, less the required fares, local support, and the amount received during the year from a city or county to which the operator provides service beyond its boundaries. The District receives notification of its TDA allocation for the next fiscal year in February of the preceding year. The District's fiscal year extends from July to June. The District is required to submit its claim for the subsequent year by April 1st. As such, the claim is based on the District's draft budget for the coming year. As a result, actual operating expenditures and capital acquisitions tend to vary resulting in the aforementioned unrestricted net position. The funds provide working capital (cash flow) to the District throughout the year and act as a reserve for any unexpected events.

Restricted net position represent prefunding of Prop 1B grants from the State of California for capital acquisitions (see note 3).

**Capital Contributions**

The District receives grants from the Federal Transit Administration (FTA), State, and local transportation funds for the acquisition of buses and other equipment and improvements. Capital contributions are recorded as revenues and the cost of the related assets are included in property and equipment. Depreciation on assets acquired with capital grant funds is included in the Statement of Revenues, Expenses and Changes in Net Position.

Capital contributions for the years ended June 30 were as follows:

	<u>2015</u>	<u>2014</u>
Federal grants	\$ 26,363	\$ 23,212
State grants (Prop 1B and Measure A)	1,717,371	4,733,166
Local assistance – sales tax	1,664,693	123,878
Miscellaneous grants	<u>19,949</u>	<u>108,635</u>
Net grants received	<u>\$3,428,376</u>	<u>\$4,988,891</u>

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7 – TRANSPORTATION DEVELOPMENT ACT FUNDING AND ALLOCATIONS**

Transportation development act funding and allocations for the year ended June 30:

	<u>2015</u>	<u>2014</u>
Funding		
Local Transportation Fund (SB 325)	\$ 7,269,606	\$ 7,242,771
State Transit Assistance Fund (SB 620)	<u>1,664,693</u>	<u>123,878</u>
	<u>\$ 8,934,299</u>	<u>\$ 7,366,649</u>
Usage		
Operations	\$ 7,269,606	\$ 7,242,771
Capital projects	<u>1,664,693</u>	<u>123,878</u>
	<u>\$ 8,934,299</u>	<u>\$ 7,366,649</u>

**Note 8 – FEDERAL GRANTS AND REIMBURSEMENTS**

Federal grants and reimbursements for the year ended June 30:

	<u>2015</u>	<u>2014</u>
FTA		
Operating grants	\$ 4,914,363	\$ 4,943,999
Capital grants	<u>26,363</u>	<u>23,212</u>
Total	<u>\$ 4,940,726</u>	<u>\$ 4,967,211</u>

**Note 9 – CHANGE IN COMPENSATED ABSENCES**

Employees annually accrue compensated absence time, consisting of vacation and sick time dependent on job classification and tenure ranging from 80 hours to 320 hours per year. Accrued compensated absences for vacation in fiscal years ending June 30, 2015 and 2014, were \$809,713 and \$783,250 respectively. The current portion is expected to be used within one year. Accrued sick pay vested in fiscal years ending June 30, 2015 and 2014, were \$384,064 and \$450,176 respectively.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Note 9 – CHANGE IN COMPENSATED ABSENCES (continued)

The changes in accrued vacation pay were as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 783,250	\$ 771,292
Additions	729,642	728,925
Payments	<u>(703,179)</u>	<u>(716,967)</u>
Ending balance	809,713	783,250
Current portion	<u>408,996</u>	<u>390,821</u>
Noncurrent portion	<u>\$ 400,717</u>	<u>\$ 392,429</u>

Accrued sick pay is summarized as follows:

	<u>2015</u>	<u>2014</u>
Total accrued sick pay	\$1,469,194	\$1,553,726
Amount of sick pay not vested, in accordance with the union agreement and District policy	<u>(1,085,130)</u>	<u>(1,448,550)</u>
Total accrued sick pay vested and included in accrued payroll	<u>\$ 384,064</u>	<u>\$ 405,176</u>

Note 10 – RETIREMENT PLANS

Two employee groups are covered, with expenses as follows::

<u>Employee Group</u>	<u>Plan names</u>	<u>2015 Cost</u>	<u>2014 Cost</u>
1. Union	Teamsters Union	\$ 1,218,590	\$ 1,062,278
2. Non-Union	Profit-Sharing and Salary Deferral Plan	<u>214,956</u>	<u>214,679</u>
		<u>\$ 1,343,546</u>	<u>\$ 1,276,957</u>

TEAMSTERS PENSION PLAN

This plan covers union employees and is a "cost sharing" defined benefit plan. The District had the following statistics:

	<u>2015</u>	<u>2014</u>
Total union labor	\$10,284,152	\$10,166,450
Pensionable wages	9,390,181	9,120,618
Required work hour contribution (up to 173 hours per month)	\$3.24	\$3.18
Total pension hours	339,241	333,550

Since the District is not involved with the operations or administration of the Teamsters Pension Plan, information relating to the current funding liability is not available. Based on the most recent actuarial certification the Plan is in the "green zone" for 2015, meaning the Plan is in good financial condition. More information can be found at <http://www.wctpension.org/index.html>.

# SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 10 – RETIREMENT PLANS (continued)

#### PROFIT-SHARING AND SALARY DEFERRAL PLAN

Effective July 1, 1985, the District established the above-named retirement plans for employees not covered by the union plan. The plans are administered by the District, which contracts the administration to NFP Retirement.

The District contributes to the Profit-Sharing and Salary Deferral Plan an amount equal to 3% and 7%, respectively, of the compensation for all eligible participants. Contributions by the District to the Salary Deferral Plan are fully vested at the time of contribution. Contributions by the District to the Profit-Sharing Plan are vested ratably over a four-year period. The District is not obligated to make contributions to the Profit-Sharing Plan however its contributions must be regular and continuing in order for the Plan to receive favorable tax treatment under Internal Revenue Code Section 401(k).

The District's contributions for fiscal year 2015 were based upon a payroll of \$2,149,564 for non-union employees. The District contributed \$214,956 (10% of covered payroll) and covered employees contributed \$308,602.

The District's contributions for fiscal year 2014 were based upon a payroll of \$2,146,794 for non-union employees. The District contributed \$214,679 (10% of covered payroll) and covered employees contributed \$215,408.

### Note 11 – RISK MANAGEMENT

The District is exposed to various risks of losses related to injuries to employees and the public, damage to and destruction of assets, and errors and omissions.

The District has Self-Insured Retention policies with general liability coverage of \$10 million on any one claim, including self-insured amounts per claim as follows:

April 1, 1995 to March 31, 2001	\$250,000
April 1, 2001 to March 31, 2002	\$100,000
April 1, 2002 to March 31, 2015	\$250,000

The District has elected to self-insure its obligations for workers' compensation claims. On January 1, 2005, the District joined CSAC Excess Insurance Authority with a self-insurance retention of \$500,000 and a limit of \$5 million on any one claim. Claim amounts exceeding \$5 million are covered statutorily by the state of California. For calendar year 2004, the District was self-insured to \$1.5 million with a \$10 million limit on any one claim. In 2003, the District carried workers' compensation insurance in excess of \$500,000 with a \$5 million limit on any one claim.

There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the four years prior.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Note 11 – RISK MANAGEMENT (continued)

Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The District's insurance adjusters and attorneys help to determine the amount of actual or potential claims against the District. An analysis of claims activities for general liability and workers' compensation liability is presented below:

	<u>2015</u>	<u>2014</u>
Claims liability – beginning of year	\$ 3,783,551	\$ 2,057,804
Claims and changes in estimates	489,355	2,128,654
Actual claim payments	<u>( 357,484)</u>	<u>( 402,907)</u>
Claims liability – end of year	<u>\$ 3,915,422</u>	<u>\$ 3,783,551</u>

Note 12 – COMMITMENTS

Paratransit Service – Easy Lift

For fiscal year 2016, the District has agreed to provide Easy Lift a subsidy of \$825,511 for the paratransit services. The amount can be adjusted by mutual consent if the District requests an adjustment in the amount of paratransit service to be provided, and the contract can be extended up to and including June 30, 2017. If for any reason, Easy Lift failed to provide the required ADA paratransit service, the District would continue to be responsible for the service under Federal law. The District would be required to implement a replacement service on very short notice, at a cost that would likely exceed the current subsidy.

The District is required under Federal law, the Americans with Disabilities Act of 1990 (ADA), to ensure that complementary paratransit service is available wherever and whenever the District provides fixed-route bus service. The District complies with this requirement by partially subsidizing the paratransit service provided by Easy Lift Transportation. The District signed a contract with Easy Lift in March 2003, which was amended in May 2013, for these services. Either party can terminate this agreement within 120 days of year end.

Bus Tire Lease

The District has a contract with the Goodyear Tire & Rubber Company (Goodyear) to furnish the District with a sufficient quantity of tires to keep all vehicles fully equipped and to provide a reserve supply, at a maximum level determined by Goodyear, as spare stock inventory to be mounted on rims and kept in the District's garage for use in case of emergency. The District provides Goodyear with mileage for each vehicle in its fleet on a monthly basis and is billed in accordance with its agreement. Both parties have the option to terminate this agreement with 30-days' notice. The rates per tire increase by an agreed-upon percentage annually.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Note 12 – COMMITMENTS (continued)

For fiscal year 2015, the rates paid by the District for contractual amounts are as follows:

Gilligs	\$0.042648
MCI	\$0.056864
Novas/Gilligs	\$0.055632
Group D Novas	\$0.058410
Novas – Articulated	\$0.077880

Note 13 – CONTINGENCIES

Federal Grant Contracts

The terms of the federal grant contracts require the District to, in part, utilize the equipment and facilities for the purposes specified in the grant agreement, maintain these items in operation for a specified time period, which normally approximates the useful life of the equipment, and to comply with the Equal Employment Opportunity and Affirmative Action programs required by the Transportation Equity Act for the 21st Century. Failure to comply with these terms may jeopardize future funding and require the Authority to refund a portion of these grants to the Federal Department of Transportation. In management's opinion, no events have occurred that would result in the termination of these grants or require the refund of a significant amount of funds received under these grants.

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 14 - DEFINED BENEFIT POST-EMPLOYMENT HEALTH BENEFIT PLAN**

Plan Descriptions

The District provides post-employment health benefits in the form of monthly reimbursement towards the retiree's health plan premium for eligible union retirees, and eligible staff retirees and their spouses of amounts not to exceed \$285 per month. Benefits for both union and non-union retirees are provided by United Healthcare group plan.

Funding Policy and Annual OPEB Cost

The Plan is funded on a pay-as-you-go basis. The District's annual other post-employment benefit (OPEB) cost (expense) for the Plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the normal cost and amortization of unfunded actuarial liabilities over 30 years. The District's annual OPEB cost for the fiscal year 2015 and related information are as follows:

	<u>2015</u>	<u>2014</u>
ARC	\$ 198,000	\$ 190,000
Interest on net OPEB obligation	137,000	130,000
Adjustment to ARC	<u>(118,000)</u>	<u>(112,000)</u>
Annual OPEB cost	217,000	208,000
Contributions made	<u>(68,000)</u>	<u>(57,000)</u>
Increase in net OPEB obligation	149,000	151,000
Net OPEB obligation beginning of year	<u>2,743,000</u>	<u>2,592,000</u>
Net OPEB obligation end of year	<u>\$ 2,892,000</u>	<u>\$ 2,743,000</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation, were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 1,154,000	\$ 133,000	11.5%	\$ 2,825,000
6/30/12	974,000	158,000	16.2%	3,641,000
6/30/13	1,033,000	76,000	7.4%	2,592,000
6/30/14	208,000	57,000	27.4%	2,743,000
6/30/15	217,000	68,000	31.3%	2,892,000

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Note 14 - DEFINED BENEFIT POST-EMPLOYMENT HEALTH BENEFIT PLAN (continued)

Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2015 and 2014, was as follows:

	<u>2015</u>	<u>2014</u>
Actuarial accrued liability (a)	\$3,232,000	\$2,743,000
Actuarial value of plan assets (b)	_____ -	_____ -
Unfunded actuarial accrued liability (funding excess) (a)-(b)	<u>\$3,232,000</u>	<u>\$2,743,000</u>
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	\$12,557,429	\$10,439,608
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c)	25.7%	26.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in 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 to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	6/30/2015
Actuarial cost method	Entry Age
Amortization method	Level percentage of pay
Remaining amortization period	Open 30 years

Actuarial assumptions:

Investment rate of return	5%
Projected salary increase	3.25%
Healthcare inflation rate	
Initial	5% to 9.3%,
Ultimate, # of years	4.5% after 8 years

REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

Required Supplementary Information

Schedule of Funding Progress of Post-Employment Healthcare Plan

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The interest rate is 5% and the salary scale is 3.25% for both periods. (Amounts in thousands of dollars).

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
Actual	7/1/2009	\$0	\$11,166	\$11,166	\$0	\$10,617	105.2%
Actual	7/1/2011	\$0	\$10,725	\$10,725	\$0	\$ 9,902	108.3%
Actual	7/1/2013	\$0	\$ 2,592	\$ 2,592	\$0	\$10,111	25.6%
Actual	7/1/2015	\$0	\$ 3,232	\$ 3,232	\$0	\$12,557	25.7%

Actuarial review and analysis of OPEB liability and funding status is performed every two years or annually if there are significant changes in the plan. The next scheduled actuarial study for the District is in 2017.



## BOARD OF DIRECTORS REPORT

**MEETING DATE:** DECEMBER 15, 2015                      AGENDA ITEM #: 8

**TYPE:** ACTION ITEM

**PREPARED BY:** STEVE MAAS

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*Signature*

**REVIEWED BY:** GENERAL MANAGER

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*GM Signature*

**SUBJECT:**                      **MTD *Strategic Plan: 2016 - 2021***

### **RECOMMENDATION:**

Staff recommends that the Board adopt the draft *Strategic Plan: 2016 - 2021*.

### **DISCUSSION:**

The MTD Board and staff have worked with partner agencies and community groups to develop the draft *Strategic Plan: 2016 - 2021*. As part of this process, the Board held two workshops that included partner agency staff to build consensus on MTD's strategic priorities for the coming years. Following the workshops, staff worked with the Development Committee to develop the draft plan (attached).

Staff has presented the draft plan to MTD employees and to various community groups including the Coalition for Sustainable Transportation (COAST), the Citizens Planning Association (CPA), and the Santa Barbara Bicycle Coalition (SB BIKE). Staff has scheduled a presentation at the University of California, Santa Barbara (UCSB) for the afternoon of January 27.

The COAST presentation followed a discussion by City of Santa Barbara staff of upcoming bicycle and pedestrian projects in the city. This was a great prologue to the MTD discussion. The attendees were very interested to hear about various upcoming MTD projects, in particular the automatic vehicle location (AVL) project. At the CPA meeting, MTD's presentation was preceded by a discussion by Supervisor Doreen Farr of various ongoing land-use issues in the county. Similar to the COAST meeting, the CPA attendees were very interested in the AVL project. The attendees at the SB BIKE presentation were also enthusiastic about the draft plan, and provided comments to staff. These include the importance of coordinating with the Amtrak schedule, support for the inclusion of bicycle storage solutions at bus stops, and, potentially, support for linking a bikeshare project with major hubs.

Staff appreciates these thoughtful comments, and believes that they are consistent with the draft plan. Staff recommends that the Board approve the draft *Strategic Plan: 2016 - 2021*.

**ATTACHMENTS:**

- Draft MTD *Strategic Plan: 2016 - 2021*



# DRAFT STRATEGIC PLAN: 2016 - 2021

VISION & MISSION

The vision of MTD is that public transit within the District should be so available and attractive that use of an automobile is a choice, not a necessity.

The mission of MTD is to enhance the mobility of South Coast residents, commuters, and visitors by offering safe, appealing, equitable, environmentally responsible, and fiscally sound transit service.

VALUES

- Well-Run & Respected
- Professional Employees
- Responsible With Public Funds
- Pleasant Customer Experience
- Technical Expertise
- Community & Local Agency Support

STRATEGIC PRIORITIES

	<b>A. On-Time Performance</b>	<b>B. Facility Improvements</b>	<b>C. Long-Term Service Planning</b>	<b>D. Customer Satisfaction</b>	<b>E. Balanced Fare Structure</b>	<b>F. Unfunded Liabilities</b>	<b>G. Workforce Recruitment</b>	<b>H. Future Fuel Path</b>
<b>ACTION ITEMS</b>	<p>Deploy new tech tools for operations and customer service</p> <p>Set schedules that take into account changing road conditions</p> <p>Work with partner agencies to ensure adequate traffic management</p> <p>Support mode shift to reduce traffic congestion</p> <p>Establish new operational positions within MTD</p> <p>Expand service as feasible</p> <p>Recognize that on-time performance affects customer satisfaction</p>	<p>Increase space for bus storage, offices and maintenance facilities</p> <p>Replace or expand MTD Transit Center</p> <p>Develop a facility master plan</p>	<p>Analyze South Coast build-out potential based on general and specific plans</p> <p>Flesh out a long-term (30 year) plan for MTD service</p> <p>Work with agency partners to coordinate plans and services</p> <p>Increase MTD's participation in policy discussions</p> <p>Define levels of service (coverage vs. ridership)</p> <p>Analyze the expected effects of changing demographics</p>	<p>Implement an MTD communications plan</p> <p>Improve bus stops</p> <p>Promote employee transit incentive programs</p> <p>Expand service as feasible</p> <p>Enhance employee customer service training &amp; practices</p> <p>Enhance the passenger experience (e.g., A/C, Wi-Fi)</p> <p>Implement "smart card" technology</p> <p>Implement security camera and real-time information system</p>	<p>Maintain special pass program fees consistent with general fare policy</p>	<p>Develop new revenue streams (e.g., Calle Real property)</p> <p>Continue to work in partnership with employee labor groups</p> <p>Update and enhance 5-year financial plan</p>	<p>Address housing needs</p> <p>Expand participation in activities such as job fairs, etc.</p> <p>Align training needs with community college course offerings</p> <p>Offer competitive compensation</p> <p>Promote MTD reputation as a great place to work</p> <p>Encourage &amp; support employee professional &amp; leadership development</p> <p>Enhance employee health &amp; wellness programs</p> <p>Enhance employee communications</p>	<p>Participate in proof-of-concept demonstrations for electric buses</p> <p>Implement renewable energy systems where feasible and cost-effective</p>



## BOARD OF DIRECTORS REPORT

**MEETING DATE:** DECEMBER 15, 2015                      **AGENDA ITEM #:** 9

**TYPE:** ACTION ITEM

**PREPARED BY:** STEVE MAAS

\_\_\_\_\_  
*Signature*

**REVIEWED BY:** GENERAL MANAGER

\_\_\_\_\_  
*GM Signature*

**SUBJECT:**                      **Low Carbon Transit Operations Program Resolution**

### **RECOMMENDATION:**

Adopt Resolution 2015-08 agreeing to comply with all conditions and requirements set forth in the Certification and Assurances and authorizing General Manager Jerry Estrada to execute all required documents for an application to the California Department of Transportation (Caltrans) for FY 2016 California cap-and-trade funds from the Low Carbon Transit Operations Program (LCTOP).

### **DISCUSSION:**

California cap-and-trade auction proceeds are appropriated to several programs, including the LCTOP, which is administered by Caltrans. LCTOP provides formula funds to transit agencies based on the agency's percentage of statewide fare revenue and to regional transportation planning agencies based on the area's percentage of statewide population. All projects funded with auction proceeds must demonstrate greenhouse gas reduction, and LCTOP funds in particular are to be used for new or enhanced transit service.

The *2040 Regional Transportation Plan and Sustainable Communities Strategy* (RTP-SCS) adopted by the Santa Barbara County Association of Governments (SBCAG) Board in August 2013 includes an "enhanced transit strategy" that commits to transit service expansion as new revenue sources (such as the LCTOP) become available. In addition, the RTP-SCS identified only two "transit priority areas" in Santa Barbara County. One of these is the Santa Barbara neighborhoods served by MTD Lines 1 & 2, and the other is the State and Hollister corridor served by MTD Lines 6 & 11.

MTD is the only transit agency authorized by the LCTOP guidelines to be a Project Lead for South Coast projects, and was directly allocated \$164,280 for FY 2016. SBCAG is also eligible to be a Project Lead, and was allocated

\$564,876 for transit projects throughout the county. Staff expects SBCAG to determine the allocation of its countywide funds at its Board meeting of January 21. Staff further expects that the SBCAG Board will allocate a portion of those funds to MTD, although the amount is unknown at this time.

Once staff is informed of the amount of countywide funds that the SBCAG Board will allocate to MTD, staff will return to the Board with a second resolution to approve one or more LCTOP projects. Staff expects to recommend that the Board approve the majority of the LCTOP funding to continue the enhancement of A.M. peak-period service on Lines 1 & 2 that was implemented on November 30, 2015, using the FY 2015 LCTOP apportionment. If funds are available in excess of that needed for the Lines 1 & 2 project, staff will likely recommend a capital project for the remaining funds. Applications are due to Caltrans by February 1.

Staff recommends that the Board adopt the attached resolution agreeing to comply with all conditions and requirements set forth in the Certification and Assurances and authorizing General Manager Jerry Estrada to execute all required documents for a pending application to Caltrans for FY 2016 California cap-and-trade funds from the LCTOP.

#### **ATTACHMENTS:**

- LCTOP Certifications and Assurances
- LCTOP Authorized Agent Form
- MTD Board Resolution 2015-08

## Low Carbon Transit Operations Program (LCTOP) CERTIFICATIONS AND ASSURANCES

**Project Sponsor:** Santa Barbara Metropolitan Transit District

**Agency Name:** Santa Barbara Metropolitan Transit District

**Effective Date of this Document:** December 15, 2015

The California Department of Transportation (Department) has adopted the following certifications and assurances for the Low Carbon Transit Operations Program. As a condition of the receipt of LCTOP funds, project lead must comply with these terms and conditions.

### A. General

- (1) The project lead agrees to abide by the current LCTOP Guidelines and applicable legal requirements.
- (2) The project lead must submit to the Department a signed Authorized Agent form designating the representative who can submit documents on behalf of the project sponsor and a copy of the board resolution appointing the Authorized Agent.

### B. Project Administration

- (1) The project lead certifies that required environmental documentation is complete before requesting an allocation of LCTOP funds. The project lead assures that projects approved for LCTOP funding comply with Public Resources Code § 21100 and § 21150.
- (2) The project lead certifies that a dedicated bank account for LCTOP funds only will be established within 30 days of receipt of LCTOP funds.
- (3) The project lead certifies that when LCTOP funds are used for a transit capital project, that the project will be completed and remain in operation for its useful life.
- (4) The project lead certifies that it has the legal, financial, and technical capacity to carry out the project, including the safety and security aspects of that project.
- (5) The project lead certifies that they will notify the Department of pending litigation, dispute, or negative audit findings related to the project, before receiving an allocation of funds.
- (6) The project lead must maintain satisfactory continuing control over the use of project equipment and facilities and will adequately maintain project equipment and facilities for the useful life of the project.
- (7) Any interest the project lead earns on LCTOP funds must be used only on approved LCTOP projects.
- (8) The project lead must notify the Department of any changes to the approved project with a Corrective Action Plan (CAP).
- (9) Under extraordinary circumstances, a project lead may terminate a project prior to completion. In the event the project lead terminates a project prior to completion, the project lead must (1) contact the Department in writing and follow-up with a phone call verifying receipt of such notice; (2) pursuant to

verification, submit a final report indicating the reason for the termination and demonstrating the expended funds were used on the intended purpose; (3) submit a request to reassign the funds to a new project within 180 days of termination.

- (10) Funds must be encumbered and liquidated within the time allowed.

### C. Reporting

- (1) The project lead must submit the following LCTOP reports:
  - a. Semi-Annual Progress Reports by May 15<sup>th</sup> and November 15<sup>th</sup> each year.
  - b. A Final Report within six months of project completion.
  - c. The annual audit required under the Transportation Development Act (TDA), to verify receipt and appropriate expenditure of LCTOP funds. A copy of the audit report must be submitted to the Department within six months of the close of the year (December 31) each year in which LCTOP funds have been received or expended.
- (2) Other Reporting Requirements: ARB is developing funding guidelines that will include reporting requirements for all State agencies that receive appropriations from the Greenhouse Gas Reduction Fund. Caltrans and project sponsors will need to submit reporting information in accordance with ARB's funding guidelines, including reporting on greenhouse gas reductions and benefits to disadvantaged communities.

### D. Cost Principles

- (1) The project lead agrees to comply with Title 2 of the Code of Federal Regulations 225 (2 CFR 225), Cost Principles for State and Local Government, and 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
- (2) The project lead agrees, and will assure that its contractors and subcontractors will be obligated to agree, that:
  - a. Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allow ability of individual project cost items and
  - b. Those parties shall comply with Federal administrative procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Every sub-recipient receiving LCTOP funds as a contractor or sub-contractor shall comply with Federal administrative procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
- (3) Any project cost for which the project lead has received funds that are determined by subsequent audit to be unallowable under 2 CFR 225, 48 CFR, Chapter 1, Part 31 or 49 CFR, Part 18, are subject to repayment by the project lead to the State of California (State). All projects must reduce greenhouse gas emissions, as required under Public Resources Code section 75230, and any project that fails to reduce greenhouse gases shall also have its project costs submit to repayment by the project lead to the State. Should the project lead fail to reimburse moneys due to the State within thirty (30) days of demand, or within such other period as may be agreed in writing between the Parties hereto, the State is authorized to intercept and withhold future payments due the project lead from the State or any third-party source, including but not limited to, the State Treasurer and the State Controller.

## E. Record Retention

- (1) The project lead agrees, and will assure that its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate incurred project costs and matching funds by line item for the project. The accounting system of the project lead, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP), and enable the determination of incurred costs at interim points of completion. All accounting records and other supporting papers of the project lead, its contractors and subcontractors connected with LCTOP funding shall be maintained for a minimum of three (3) years after the “Project Closeout” report or final Phase 2 report is submitted (per ARB Funding Guidelines, Vol. 3, page 3.A-16), and shall be held open to inspection, copying, and audit by representatives of the State and the California State Auditor. Copies thereof will be furnished by the project lead, its contractors, and subcontractors upon receipt of any request made by the State or its agents. In conducting an audit of the costs claimed, the State will rely to the maximum extent possible on any prior audit of the project lead pursuant to the provisions of federal and State law. In the absence of such an audit, any acceptable audit work performed by the project lead’s external and internal auditors may be relied upon and used by the State when planning and conducting additional audits.
- (2) For the purpose of determining compliance with Title 21, California Code of Regulations, Section 2500 et seq., when applicable, and other matters connected with the performance of the project lead’s contracts with third parties pursuant to Government Code § 8546.7, the project sponsor, its contractors and subcontractors and the State shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times during the entire project period and for three (3) years from the date of final payment. The State, the California State Auditor, or any duly authorized representative of the State, shall each have access to any books, records, and documents that are pertinent to a project for audits, examinations, excerpts, and transactions, and the project lead shall furnish copies thereof if requested.
- (3) The project lead, its contractors and subcontractors will permit access to all records of employment, employment advertisements, employment application forms, and other pertinent data and records by the State Fair Employment Practices and Housing Commission, or any other agency of the State of California designated by the State, for the purpose of any investigation to ascertain compliance with this document.

## F. Special Situations

The Department may perform an audit and/or request detailed project information of the project sponsor’s LCTOP funded projects at the Department’s discretion at any time prior to the completion of the LCTOP.

I certify all of these conditions will be met.

**BY:** \_\_\_\_\_

JERRY ESTRADA, General Manager  
Santa Barbara Metropolitan Transit District

**Low Carbon Transit Operations Program (LCTOP)  
AUTHORIZED AGENT**

AS THE Chief Executive Officer  
(Chief Executive Officer / Director / President / Secretary)

OF THE Santa Barbara Metropolitan Transit District  
(Name of County/City / Organization)

I hereby authorize the following individual(s) to execute for and on behalf of the named Regional Entity/Transit Operator, any actions necessary for the purpose of obtaining Low Carbon Transit Operations Program (LCTOP) funds provided by the California Department of Transportation, Division of Rail and Mass Transportation. I understand that if there is a change in the authorized agent, the project sponsor must submit a new form. This form is required even when the authorized agent is the executive authority himself. I understand the Board must provide a resolution approving the Authorized Agent. The Board Resolution appointing the Authorized Agent is attached.

Assistant General Manager Brad Davis, OR  
(Name and Title of Authorized Agent)

Manager of Government Relations & Compliance Steve Maas OR  
(Name and Title of Authorized Agent)

Assistant Controller Thais Sayat  
(Name and Title of Authorized Agent)

Jerry Estrada General Manager  
(Print Name) (Title)

\_\_\_\_\_  
(Signature)

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Attachment: Board Resolution approving Authorized Agent

**ATTACHMENT**

**RESOLUTION 2015-08**

**AUTHORIZATION FOR THE EXECUTION OF THE  
CERTIFICATIONS AND ASSURANCES AND AUTHORIZED AGENT FORMS  
FOR THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)**

**WHEREAS**, the Santa Barbara Metropolitan Transit District (DISTRICT) is an eligible project sponsor and may receive state funding from the Low Carbon Transit Operations Program (LCTOP) for transit projects; and

**WHEREAS**, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

**WHEREAS**, Senate Bill 862 (2014) named the Department of Transportation (Department) as the administrative agency for the LCTOP; and

**WHEREAS**, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors (local agencies); and

**WHEREAS**, the DISTRICT wishes to delegate authorization to execute these documents and any amendments thereto to General Manager Jerry Estrada.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the DISTRICT that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances and the Authorized Agent documents and applicable statutes, regulations and guidelines for all LCTOP funded transit projects.

**NOW THEREFORE, BE IT FURTHER RESOLVED** that General Manager Jerry Estrada be authorized to execute all required documents of the LCTOP program and any Amendments thereto with the California Department of Transportation.

**PASSED AND ADOPTED** by the Board of Directors of the Santa Barbara Metropolitan Transit District this 15<sup>th</sup> day of December, 2015, by the following vote:

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSENT: \_\_\_\_\_

\_\_\_\_\_  
Chair, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

To: MTD Board of Directors  
From: Jerry Estrada, General Manager  
Date: December 15, 2015  
Subject: General Manager's Report

### Planning & Administration

The application to SBCAG for funding from the Measure A South Coast Bike & Pedestrian Program to purchase three-bike bicycle racks for our buses is due to SBCAG on December 15<sup>th</sup>. The program requires that transit agency applicants have a city or the county as a sponsor. MTD thanks the City of Santa Barbara for agreeing to serve as the sponsor of MTD's application, and other local agencies for supporting the application.

The draft Strategic Plan was presented to the Citizens Planning Association (CPA) on December 7<sup>th</sup> and to the Santa Barbara Bicycle Coalition (SB BIKE) on December 8<sup>th</sup>. The attendees were very interested in the presentation and asked several questions.

I met with the SBCC Student Senate on Friday, December 4<sup>th</sup> to discuss the current agreement between SBCC and MTD, which will expire prior to the coming summer session, and informed the group that MTD would likely be asking for a modest increase in the fee. SBCC students will have to vote whether or not to continue the agreement.

Planning staff is coordinating with the City of Santa Barbara regarding the preliminary development proposal to expand housing at "Beach City" located at 801 Cliff Drive. MTD submitted a comment letter on July 10<sup>th</sup> on the pre-application submittal and intends to continue to coordinate with the City over the next several months.

Staff attended the Goleta Chamber's "Issue and Policy Roundtable: Commuter Rail Program " on Tuesday, December 8<sup>th</sup>. Staff from SBCAG and the City of Goleta discussed the planned commuter rail service, including the provision of "last mile" service.

The Finance Department is preparing to produce the various accounting reports and tax documents required at the end of each calendar year. Staff is also beginning to identify recommendations for the mid-year budget revisions scheduled to be presented to the Board in late February. The process is a critical step in conducting the financial analysis needed to also deliver a draft budget for next fiscal year by early March.

### Operations

MTD's Training Department has been very busy and one of our new operators in training, Eddy Cruz, passed his Department of Motor Vehicles (DMV) tests, and, is continuing his training by driving routes with different senior operators. Our newest

operators in training, who just started this past week, are Isaiah Pollard and James Steele.

The driver bid process for our winter 2015 work allocation was completed successfully, and those changes (including the expanded A.M. peak-period service on Lines 1 & 2) were implemented on November 30<sup>th</sup>. This bid continues through March 6.

The day after Thanksgiving brought the last cruise ship of this season to our area. A Princess vessel anchored off shore, bringing thousands of passengers and crew to our area. As in past visits, additional shuttles and supervision were added to mitigate the influx of additional riders and to minimize the impact on our regular riders.

### Maintenance

The CARB-mandated engine change outs on the 2011 hybrid fleet have begun. The 2011 Cummins ISB engines are rated by CARB regulations as a medium heavy duty engine that must be replaced every 185,000 miles. Bus 912 is complete and back on the road. Bus 915's engine is installed; however, there are several issues with the Allison Hybrid system. A representative from Valley power was on site on December 9 to reprogram the Allison Control Modules. Bus 909 is next. The engine for 909 has arrived at Cummins's Ventura facility and will be picked up shortly. All seven will have to have their engines replaced at 185,000 mile intervals for the life of the bus.

A representative from Intercon Technologies has been on site for the last four work days to configure EV21's charger for LifePo4 batteries and finish installing the Ligoo battery monitoring system in EV20. Four new Ligoo systems ordered in April have arrived and are ready for installation on the next three battery packs to be built up.

Bus 618 came back from Cummins on November 4<sup>th</sup> with a replaced check valve on its fuel pump. It is due for another oil change here shortly and we shall see if this cured its long-running fuel in the oil issue. Bus 620's repairs are nearly complete at Cummins. It had fuel differential pressure codes and Cummins replaced the fuel lift pump and check valve. Bus 632 is also at Cummins for a complete set of cylinders and engine overhaul under warranty, as it threw code 3382 (EGR system). This subjects the 2013 Cummins ISL engines to this campaign.

The MTD's new diesel fuel contact with Mansfield Oil commenced on December 1<sup>st</sup>. Three deliveries have been received with no issues to report. The billed price before taxes is \$1.81/gallon for the next twelve months.