



BOARD OF DIRECTORS MEETING AGENDA

**Meeting
of the
BOARD OF DIRECTORS
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
Tuesday, September 18, 2018
8:30 AM
John G. Britton Auditorium
550 Olive Street, Santa Barbara, CA 93101**

1. CALL TO ORDER

2. ROLL CALL OF THE BOARD MEMBERS

Dave Davis (Chair), David Tabor (Vice Chair), Bill Shelor (Secretary), Olivia Rodriguez (Director), Dick Weinberg (Director), Chuck McQuary (Director), Paula Perotte (Director).

3. REPORT REGARDING POSTING OF AGENDA

CONSENT CALENDAR

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

The Board of Directors will be asked to waive the reading of and approve the draft minutes for the meeting of September 4, 2018.

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

The Board of Directors will be asked to review and approve the Cash Reports from August 21, 2018, through September 10, 2018.

THIS CONCLUDES THE CONSENT CALENDAR

6. PUBLIC COMMENT

Members of the public may address the Board of Directors 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 that includes both a description of the subject you wish to address and, if applicable, the agenda item number for which you would like to comment. Additional public comment will be allowed during each agenda item, including closed session items. Forms are available at www.sbmttd.com and at MTD Administrative offices.

BOARD OF DIRECTORS MEETING AGENDA
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7. **FY 17-18 ANNUAL FINANCIAL REPORT - (ATTACHMENT - INFORMATIONAL)**
Staff will present the preliminary operating budget results for the fiscal year ended June 30, 2018.
8. **UPDATE TO CONFLICT OF INTEREST CODE - (ATTACHMENT - ACTION MAY BE TAKEN)**
Staff requests that the Board of Directors approve changes to MTD's Conflict of Interest Code.
9. **GENERAL MANAGER'S REPORT UPDATE - (INFORMATIONAL)**
 - a. Cruise Ship Season
 - b. SCE Charge Ready pilot
 - c. Global Climate Action Summit
10. **OTHER BUSINESS AND REPORTS - (ACTION MAY BE TAKEN)**
The Board will report on other related public transit issues and Committee meetings.

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

11. **RECESS TO CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - (ACTION MAY BE TAKEN)**
Conference with legal counsel pursuant to Government Code § 54956.9(a) and (b) regarding five matters:
 1. Virginia Saucedo v. SBMTD – SBSC No. 16CV05565
 2. Salvador Chavez v. SBMTD – SBSC No. 17CV03522
 3. Petronila Rendon-Vasquez v. Arroyo Seco Construction, SBMTD – SBSC No. 18CV02701
 4. Deborah Stevenson v. SBMTD – SBSC No. 18CV03485
 5. Patricia Crandall
12. **ADJOURNMENT**

AMERICANS WITH DISABILITIES ACT: If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 805.963.3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.



BOARD OF DIRECTORS MEETING DRAFT MINUTES

**Meeting
of the
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SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
Tuesday, September 4, 2018
8:30 AM
John G. Britton Auditorium
550 Olive Street, Santa Barbara, CA 93101**

1. CALL TO ORDER

Chair Dave Davis called the meeting to order at 8:30 AM.

2. ROLL CALL OF THE BOARD MEMBERS

Chair Davis reported that all members were present with the exception of Director Dick Weinberg.

3. REPORT REGARDING POSTING OF AGENDA

Christina Perry, Administrative Assistant, reported that the agenda was posted on Friday, August 31, 2018, 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)

The Board of Directors was asked to waive the reading of and approve the draft minutes for the meeting of July 17, 2018.

Vice Chair Dave Tabor moved to approve the consent calendar. Director Chuck McQuary seconded the motion. Directors Olivia Rodriguez and Paula Perotte abstained from the vote. The minutes of July 17, 2018 were approved with abstentions.

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

The Board of Directors was asked to review and approve the Cash Reports from: July 10, 2018 through July 23, 2018; July 24, 2018 through August 6, 2018; and August 7, 2018, through August 20, 2018.

Director Rodriguez moved to approve the consent calendar. Vice Chair Tabor seconded the motion. The motion passed unanimously.

THIS CONCLUDES THE CONSENT CALENDAR

6. PUBLIC COMMENT

No public was made.

BOARD OF DIRECTORS MEETING DRAFT MINUTES

7. CALLE REAL REQUEST FOR QUALIFICATIONS DEVELOPER (RFQ) SHORTLIST - (INFORMATIONAL)

Steve Maas, Manager of Government Relations and Compliance, presented the Board of Directors with an update on MTD's Request for Qualifications (RFQ) / Request for Proposal (RFP) for development of MTD's Calle Real property.

Tom Elliot, President of the Forte Ranch Board of Directors, addressed the Board on behalf of the Forte Ranch community. Mr. Elliot cited concerns with potential development of the neighboring Calle Real Property and requested that the Board review a presentation from 2008 summarizing the concerns of Forte Ranch homeowners.

Chair Davis thanked Mr. Elliot for his comments.

8. RESOLUTION 2018-05 REGARDING PROPOSITION 6 - (ATTACHMENT - ACTION MAY BE TAKEN)

Hillary Blackerby, Community Relations and Marketing Manager, recommended on behalf of staff that the Board of Directors approve Resolution 2018-05 regarding opposition to Proposition 6.

Chair Davis called for a roll call vote. The motion passed unanimously.

9. AMENDMENT TO ADVANCE AUTHORITY TO EXECUTE DIESEL FUEL CONTRACT - (ACTION MAY BE TAKEN)

Brad Davis, Assistant General Manager and Controller, requested that the Board amend the advance authority given to the General Manager to enter into a diesel fuel contract in order to increase the current not-to-exceed \$2.35 price per gallon to \$2.50 per gallon.

Director Rodriguez recommended adding an amendment to increase the authorized price per gallon to \$2.70. Staff answered additional questions from the Board.

Director Rodriguez moved to amend the advance authority given to General Manager Jerry Estrada and increase the not-to-exceed price per gallon to \$2.70. Director Perotte seconded the motion. The motion passed unanimously.

10. ACCOUNTABLE EXECUTIVE & TAM PLAN - (ATTACHMENT - ACTION MAY BE TAKEN)

Mr. Maas recommended that the Board appoint the General Manager to the position of Accountable Executive for Transit Asset Management (TAM) and Public Transportation Agency Safety.

Additionally, Mr. Maas reviewed MTD's Draft TAM Plan, answered the Board's questions, and recommended that the Board consider adoption of the plan.

Chair Davis requested that *Appendix C: Proposed Investment Project List* of the draft TAM Plan be amended to reflect acquisition of electric buses, rather than diesel, in Project Year 2021.

Direct McQuary moved to appoint General Manager Estrada to the position of Accountable Executive for Transit Asset Management (TAM) and Public Transportation Agency Safety, and to approve and adopt the amended TAM plan. Director Rodriguez seconded the motion. The motion passed unanimously.

BOARD OF DIRECTORS MEETING DRAFT MINUTES

11. MTD FY 2017-18 ANNUAL RIDERSHIP REPORT - (ATTACHMENT - INFORMATIONAL)

Mr. Maas presented the Board of Directors with a report regarding MTD ridership during FY 2017-18 and answered the Board's questions.

The Board thanked Mr. Maas for his thorough report.

12. GENERAL MANAGER'S REPORT UPDATE - (INFORMATIONAL)

General Manager Estrada provided an update to the Board of the following topics: August Service Change, BYD Fleet, Transit and Intercity Rail Capital Program (TIRCP) Grant, Smartcard Project, and Technology Enhancements.

Mr. Estrada thanked staff for a successful August service change.

Mr. Estrada credited bus manufacturer BYD for their dedication to getting the new electric buses operational. Chair Davis praised Mr. Estrada and staff, including Rob Lurie, Ryan Gripp, MTD drivers, and maintenance personnel for their hard work and collaboration with BYD.

Regarding the Smartcard Project, Mr. Estrada thanked Mr. Davis and Ms. Blackerby for their efforts in bringing the Smartcards into circulation at Santa Barbara City College and University of California, Santa Barbara.

13. OTHER BUSINESS AND REPORTS - (ACTION MAY BE TAKEN)

General Manager Estrada reported that he would participate in an upcoming Global Commercial Vehicle Drive to Zero workshop affiliate event to the Global Climate Action Summit in San Francisco. The event will be hosted by the Bay Area Air Quality Management District and CALSTART. Additionally, he noted that two other staff were appointed to transit industry committees: Hillary Blackerby is to participate on the California Transit Association's State Legislative Committee; and Steve Maas is to participate on the Transportation Development Act (TDA) Working Group.

Direct Bill Shelor remarked that UCSB would host an upcoming Central Coast Sustainability Summit.

14. ADJOURNMENT

Chair Davis adjourned the meeting at 10:25 AM.

Santa Barbara Metropolitan Transit District
Cash Report
Board Meeting of September 18, 2018
For the Period August 21, 2018 through September 10, 2018

MONEY MARKET

Beginning Balance August 21, 2018 **\$7,363,738.61**

SB-325 (LTF)	571,488.54
Accounts Receivable	413,057.15
Passenger Fares	247,832.76
Measure A Transfer	159,979.55
Miscellaneous Income	27,371.21
Prepays & Advertising	2,556.00
Interest Income	<u>2,499.53</u>
Total Deposits	1,424,784.74

Miscellaneous Transfers	(792.19)
Bank & Credit Card Fees	(6,236.00)
401(k)/Pension Transfer	(32,421.25)
Workers' Compensation	(120,505.44)
Payroll Taxes	(151,686.44)
Payroll	(359,405.97)
Accounts Payable	<u>(720,708.84)</u>
Total Disbursements	(1,391,756.13)

Ending Balance **\$7,396,767.22**

CASH INVESTMENTS

LAIF Account	\$6,467,135.96
Money Market Account	<u>7,396,767.22</u>

Total Cash Balance **\$13,863,903.18**

SELF INSURED LIABILITY ACCOUNTS

WC / Liability Reserves	(\$4,588,249.00)
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Working Capital **\$9,275,654.18**

**Santa Barbara Metropolitan Transit District
Accounts Payable**

Check #	Date	Company	Description	Amount	Voids
118643	7/12/2018	TELCOM, INC.	VENTURA REPEATER SERVICES	1,132.00	V
118899	8/24/2018	ABC BUS COMPANIES INC	BUS PARTS	121.00	
118900	8/24/2018	ALBERTO CALVILLO	REIMBURSEMENT	45.00	
118901	8/24/2018	SAL ALVAREZ	REIMBURSED VTT/DMV	55.00	
118902	8/24/2018	AMERICAN PUBLIC TRANSPORTA	ANNUAL MEMBERSHIP DUES	23,833.37	
118903	8/24/2018	HENRY ANDREWS	RETIREE HEALTH REIMBURSEMENT	282.06	
118904	8/24/2018	APPLEONE EMPLOYMENT SERVIC	CONTRACT EMPLOYMENT	1,903.20	
118905	8/24/2018	AXLE TECH INTERNATIONAL D	BUS PARTS & REPAIRS	602.77	
118906	8/24/2018	B2B PRINTING SERVICES INC.	OFFICE SUPPLIES	1,083.15	
118907	8/24/2018	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	1,055.85	
118908	8/24/2018	BLACK GOLD INDUSTRIES, CORP	HAZMAT DISPOSAL	3,616.75	
118909	8/24/2018	JAMES BRACKETT	RETIREE HEALTH REIMBURSEMENT	98.00	
118910	8/24/2018	KARL BRETZ	RETIREE HEALTH REIMBURSEMENT	94.80	
118911	8/24/2018	BUENA TOOL, INC.	SHOP/B&G SUPPLIES	33.45	
118912	8/24/2018	ROBERT BURNHAM	RETIREE HEALTH REIMBURSEMENT	285.00	
118913	8/24/2018	BUYNAK, FAUVER, ARCHBALD&S	LEGAL COUNSEL	18,506.39	
118914	8/24/2018	CALIFORNIA ELECTRIC SUPPLY, I	SHOP/B&G SUPPLIES	16.87	
118915	8/24/2018	GILBERT CALLES	RETIREE HEALTH REIMBURSEMENT	294.00	
118916	8/24/2018	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	69.86	
118917	8/24/2018	CELTIS VENTURES, INC.	MARKETING SERVICES	8,241.25	
118918	8/24/2018	STAN CISOWSKI	RETIREE HEALTH REIMBURSEMENT	249.34	
118919	8/24/2018	CHK AMERICA INC.	SCHEDULE INFO & SYSTEM MAP	14,068.99	
118920	8/24/2018	CINTAS CORPORATION	FIRST AID SUPPLIES	336.55	
118921	8/24/2018	CIO SOLUTIONS, LP	IT SERVICES	87.50	
118922	8/24/2018	COTTAGE HEALTH SYSTEM	EMPLOYEE ASSISTANCE PROGRAM	1,339.25	
118923	8/24/2018	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	420.43	
118924	8/24/2018	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	4,851.79	
118925	8/24/2018	CURTIS, NANCY	RETIREE HEALTH REIMBURSEMENT	154.15	
118926	8/24/2018	DIESEL FORWARD, INC.	BUS PARTS	3,189.77	
118927	8/24/2018	DRC DIRECT LLC DBA	EV/CHARGER REPAIRS	5,197.39	
118928	8/24/2018	DOCUPRODUCTS CORPORATION	COPIER MAINTENANCE/SUPPLIES	263.41	
118929	8/24/2018	DOWNTOWN ORGANIZATION, INC.	TC MAINTENANCE	450.00	
118930	8/24/2018	EASY LIFT TRANSPORTATION, INC	MONTHLY ADA SUBSIDY	78,496.83	
118931	8/24/2018	ERGOMETRICS, INC.	DRIVER TEST SCORING	6.00	
118932	8/24/2018	FEDEX dba	FREIGHT CHARGES	279.44	
118933	8/24/2018	FLEET SERVICES, INC.	BUS PARTS	21.54	
118934	8/24/2018	FRONTIER CALIFORNIA INC.	TELEPHONES	1,957.96	
118935	8/24/2018	GIBBS INTERNATIONAL INC	BUS PARTS	1,670.16	

Check #	Date	Company	Description	Amount	Voids
118936	8/24/2018	GILLIG LLC	BUS PARTS	14,919.66	
118937	8/24/2018	GARY GLEASON	RETIREE HEALTH REIMBURSEMENT	247.95	
118938	8/24/2018	GLOBAL TOWING, INC.	TOWING SERVICES	950.00	
118939	8/24/2018	GRAPHICINK	PROMO ITEM	93.31	
118940	8/24/2018	JIM HAGGERTY	RETIREE HEALTH REIMBURSEMENT	260.84	
118941	8/24/2018	ALI HABIBI	RETIREE HEALTH REIMBURSEMENT	271.54	
118942	8/24/2018	ROBERT HARTMAN, JR.	RETIREE HEALTH REIMBURSEMENT	198.07	
118943	8/24/2018	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	0.00	V
118944	8/24/2018	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	314.39	
118945	8/24/2018	JAY DANIEL ROBERTSON	RETIREE HEALTH REIMBURSEMENT	277.61	
118946	8/24/2018	JANICARE DBA	JANITORIAL SERVICES	47.51	
118947	8/24/2018	LOUIS JONES	RETIREE HEALTH REIMBURSEMENT	137.00	
118948	8/24/2018	JOY EQUIPMENT PROTECTION, IN	SERVICING FIRE EXTINGUISHERS	91.35	
118949	8/24/2018	LANSPEED DBA	IT SERVICES	2,875.00	
118950	8/24/2018	LORI'S MOBILE NOTARY&FINGERP	MOBILE NOTARY	70.00	
118951	8/24/2018	LOUIS MANDEVILLE	RETIREE HEALTH REIMBURSEMENT	559.22	
118952	8/24/2018	MC CORMIX CORP. (OIL)	LUBRICANTS	7,894.93	
118953	8/24/2018	MC CORMIX CORP. (GAS)	FUEL-SERVICE VEHICLES	2,408.36	
118954	8/24/2018	MCMaster-CARR SUPPLY CO.	SHOP/B&G SUPPLIES	289.37	
118955	8/24/2018	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	28.75	
118956	8/24/2018	NATIONAL INTERSTATE INS INC.	LIABILITY INSURANCE	26,703.01	
118957	8/24/2018	NU-COOL REDI GREEN, INC	COOLANTS & SHOP SUPPLIES	775.37	
118958	8/24/2018	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	738.12	
118959	8/24/2018	O'CONNOR PEST CONTROL DBA	FUMIGATION	77.00	
118960	8/24/2018	CARLOS ORNELAS	RETIREE HEALTH REIMBURSEMENT	200.00	
118961	8/24/2018	RALPH OVIEDA	RETIREE HEALTH REIMBURSEMENT	516.36	
118962	8/24/2018	CAREY POINDEXTER	RETIREE HEALTH REIMBURSEMENT	282.34	
118963	8/24/2018	RECARO NORTH AMERICA, INC	BUS PARTS	10,150.00	
118964	8/24/2018	AL ROMERO SR.	RETIREE HEALTH REIMBURSEMENT	98.00	
118965	8/24/2018	SANSUM CLINIC	MEDICAL EXAMS	910.00	
118966	8/24/2018	SAFEGUARD DBA	OFFICE SUPPLIES	666.69	
118967	8/24/2018	SANTA BARBARA HOSE & SUPPLY,	BUS PARTS	364.62	
118968	8/24/2018	SILVAS OIL CO., INC.	LUBRICANTS	375.68	
118969	8/24/2018	SM TIRE, CORP.	BUS TIRE MOUNTING	170.00	
118970	8/24/2018	SOAP MAN DISTRIBUTIN DBA	CLEANING SUPPLIES	212.06	
118971	8/24/2018	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	75.21	
118972	8/24/2018	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	606.02	
118973	8/24/2018	STEWART'S DE-ROOTING & PLUM	PLUMBING REPAIRS	985.11	
118974	8/24/2018	THE LIGHTHOUSE	SHOP SUPPLIES	48.82	
118975	8/24/2018	TANK TEAM INC.	TANK TESTS	168.00	
118976	8/24/2018	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	46,705.51	

Check #	Date	Company	Description	Amount	Voids
118977	8/24/2018	J.C. M. AND ASSOCIATES INC.	UNIFORMS	1,809.97	
118978	8/24/2018	U.S. BANK CORP. PAYMENT SYSTE	CREDIT CARD PURCHASES	7,200.99	
118979	8/24/2018	VALLEY POWER SYSTEMS, INC.	BUS PARTS	358.93	
118980	8/24/2018	VERIZON WIRELESS	WIRELESS PHONES & AIM CELLULAR	687.43	
118981	8/24/2018	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	1,392.93	
118982	8/24/2018	WAYNE'S TIRE INC.	VEHICLE TIRES	1,885.40	
118983	8/24/2018	ALEXANDER YOUNG	RETIREE HEALTH REIMBURSEMENT	267.71	
118984	8/31/2018	ABC BUS COMPANIES INC	BUS PARTS	576.53	
118985	8/31/2018	ALLIED ELECTRONICS, INC	BUS PARTS	381.35	
118986	8/31/2018	JOSE BAUTISTA	AD MOUNTING/DISMOUNTING	192.00	
118987	8/31/2018	BEDROCK BUILDING SUPPLIES IN	SHOP SUPPLIES	162.04	
118988	8/31/2018	CALIFORNIA ELECTRIC SUPPLY, I	SHOP/B&G SUPPLIES	173.98	
118989	8/31/2018	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	183.13	
118990	8/31/2018	CITY OF CARPINTERIA	CHARGING STATION ELECTRICITY	1,132.58	
118991	8/31/2018	COASTAL HOUSING PARTNERSHIP	MEMBERSHIP DUES	3,650.00	
118992	8/31/2018	CINTAS CORPORATION	FIRST AID SUPPLIES	122.80	
118993	8/31/2018	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	286.64	
118994	8/31/2018	COUNTY OF S.B.PUBLIC WORKS D	WASTE DISPOSAL	199.86	
118995	8/31/2018	DENMUN OFFICE SOLUTIONS DB	IT CONTRACT SERVICES	3,357.50	
118996	8/31/2018	DRC DIRECT LLC DBA	EV/CHARGER REPAIRS	5,197.39	
118997	8/31/2018	STATE OF CALIFORNIA	PAYROLL RELATED	165.00	
118998	8/31/2018	GENFARE, A DIVISION OF SPX COR	FAREBOX REPAIRS & PARTS	2,685.12	
118999	8/31/2018	GIBBS INTERNATIONAL INC	BUS PARTS	716.23	
119000	8/31/2018	GILLIG LLC	BUS PARTS	2.72	
119001	8/31/2018	GOODYEAR TIRE & RUBBER CO	LEASED TIRES	12,649.79	
119002	8/31/2018	GOTCHA MEDIA HOLDINGS, LLC	ADVERTISING AT UCSB KIOSKS	1,200.00	
119003	8/31/2018	GRAPHICINK	PROMO ITEM	348.44	
119004	8/31/2018	GRAINGER, INC.	SHOP/B&G SUPPLIES	107.32	
119005	8/31/2018	RYAN GRIPP	REIMBURSEMENTS	130.00	
119006	8/31/2018	RICHARD HARRIGAN	DMV/VTT REIMBURSEMENT	55.00	
119007	8/31/2018	MCMaster-CARR SUPPLY CO.	SHOP/B&G SUPPLIES	39.93	
119008	8/31/2018	MURPHY ELECTRIC MAINTENANC	ELECTRICAL REPAIRS/INSTALLATION	248.43	
119009	8/31/2018	NATIONAL DRIVE	PAYROLL DEDUCTION	70.00	
119010	8/31/2018	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	113.56	
119011	8/31/2018	ANN BRADY OTTIERI	PAYROLL RELATED	277.00	
119012	8/31/2018	POWERSTRIDE BATTERY CO.	EV BATTERIES	1,796.66	
119013	8/31/2018	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	
119014	8/31/2018	SANTA BARBARA HOSE & SUPPLY,	BUS PARTS	422.43	
119015	8/31/2018	SANTA BARBARA SHERIFF'S DEPT	PAYROLL RELATED	75.00	
119016	8/31/2018	SM TIRE, CORP.	BUS TIRE MOUNTING	230.00	
119017	8/31/2018	SMARDAN-HATCHER CO., INC	B&G REPAIRS & SUPPLIES	37.33	

Check #	Date	Company	Description	Amount	Voids
119018	8/31/2018	SOAP MAN DISTRIBUTIN DBA	CLEANING SUPPLIES	119.63	
119019	8/31/2018	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	31.32	
119020	8/31/2018	STEWART'S DE-ROOTING & PLUM	PLUMBING REPAIRS	1,234.69	
119021	8/31/2018	SB CITY OF-REFUSE/WATER	UTILITIES	2,819.22	
119022	8/31/2018	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	584.08	
119023	8/31/2018	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	15,634.46	
119024	8/31/2018	UNITED WAY OF SB	PAYROLL DEDUCTION	102.00	
119025	8/31/2018	J.C. M. AND ASSOCIATES INC.	UNIFORMS	687.70	
119026	8/31/2018	VALLEY POWER SYSTEMS, INC.	BUS PARTS	795.60	
119027	8/31/2018	WESCO DIST. INC.	REPAIR PARTS	106.27	
119028	8/31/2018	WURTH USA WEST INC.	SHOP SUPPLIES	537.71	
119029	8/31/2018	YACO SCHOLARSHIP FUND	PAYROLL DEDUCTION	72.00	
119030	9/6/2018	AMERICAN PUBLIC TRANSPORTA	ANNUAL MEMBERSHIP DUES	2,166.63	
119031	9/6/2018	APPLEONE EMPLOYMENT SERVIC	CONTRACT EMPLOYMENT	951.60	
119032	9/6/2018	ASBURY ENVIRONMENTAL	WASTE OIL RECYCLER	35.00	
119033	9/6/2018	JOSE BAUTISTA	AD MOUNTING/DISMOUNTING	448.00	
119034	9/6/2018	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	582.53	
119035	9/6/2018	HILLARY BLACKERBY	REIMBURSEMENT	11.39	
119036	9/6/2018	BNS ELECTRONICS, INC.	SANTA YNEZ SITE RENTAL	285.28	
119037	9/6/2018	BUENA TOOL, INC.	SHOP/B&G SUPPLIES	34.10	
119038	9/6/2018	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	197.66	
119039	9/6/2018	CENTRAL CITY ABS, INC.	BUS SUPPLIES	233.47	
119040	9/6/2018	CENTRAL COAST CIRCULATION, L	BUS BOOK DISTRIBUTION	575.00	
119041	9/6/2018	CLEVER DEVICES LTD	SAMTRANS AVL SYSTEMS	58,630.00	
119042	9/6/2018	COMMUNITY RADIO, INC.	GIB. SITE RENTAL	256.29	
119043	9/6/2018	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	609.32	
119044	9/6/2018	DEPARTMENT OF MOTOR VEHICL	VEHICLE REGISTRATION	21.00	
119045	9/6/2018	DRC DIRECT LLC DBA	EV/CHARGER REPAIRS	5,197.39	
119046	9/6/2018	FERGUSON ENTERPRISES, INC	SHOP SUPPLIES	172.53	
119047	9/6/2018	SHERRIE FISHER	RETIREE HEALTH REIMBURSEMENT	286.38	
119048	9/6/2018	FLEET SERVICES, INC.	BUS PARTS	12.58	
119049	9/6/2018	GENFARE, A DIVISION OF SPX COR	FAREBOX REPAIRS & PARTS	316.14	
119050	9/6/2018	GIBBS INTERNATIONAL INC	BUS PARTS	481.97	
119051	9/6/2018	GILLIG LLC	BUS PARTS	1,640.86	
119052	9/6/2018	LILLY GOMEZ	REIMBURSEMENT	30.46	
119053	9/6/2018	RYAN GRIPP	REIMBURSEMENTS	64.71	
119054	9/6/2018	GUARDIAN-APPLETON (DENTAL I	DENTAL INSURANCE	4,043.67	
119055	9/6/2018	GUARDIAN-APPLETON (LIFE INS)	LIFE INSURANCE	1,141.21	
119056	9/6/2018	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	128.53	
119057	9/6/2018	LABOR ALLIANCE MANAGED TRU	DENTAL INSURANCE	10,795.50	
119058	9/6/2018	LENZ PEST CONTROL DBA	FUMIGATION SERVICES	40.00	

Check #	Date	Company	Description	Amount	Voids
119059	9/6/2018	ROBERT H. LURIE	REIMBURSEMENT	120.00	
119060	9/6/2018	MC CORMIX CORP. (OIL)	LUBRICANTS	3,017.52	
119061	9/6/2018	MEDICAL EYE SERVICES, INC.	VISION INSURANCE	456.28	
119062	9/6/2018	MISSION LINEN SUPPLY, INC	UNIFORM & LINEN SERVICE	7,703.68	
119063	9/6/2018	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	402.54	
119064	9/6/2018	MOUNTAIN SPRING WATER	SHOP & OFFICE SUPPLIES	1,327.15	
119065	9/6/2018	NU-COOL REDI GREEN, INC	COOLANTS & SHOP SUPPLIES	395.28	
119066	9/6/2018	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	749.22	
119067	9/6/2018	PETTY CASH- PERRY, CHRISTINA	MISC. PURCHASES	256.13	
119068	9/6/2018	RECARO NORTH AMERICA, INC	BUS PARTS	750.00	
119069	9/6/2018	SAFETY-KLEEN CORPORATION	SHOP SUPPLIES	298.90	
119070	9/6/2018	SB LOCKSMITHS, INC.	B&G REPAIR & SUPPLIES	29.13	
119071	9/6/2018	SILVAS OIL CO., INC.	LUBRICANTS	366.48	
119072	9/6/2018	SM TIRE, CORP.	BUS TIRE MOUNTING	646.72	
119073	9/6/2018	SOCIETY FOR HUMAN RESOURCE	SHRM MEMBERSHIP	209.00	
119074	9/6/2018	SO. CAL. EDISON CO.	UTILITIES	10,420.62	
119075	9/6/2018	BRADLEY LAWRENCE SOUSA	REIMBURSEMENT	55.00	
119076	9/6/2018	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	940.73	
119077	9/6/2018	SB CITY OF-REFUSE/WATER	UTILITIES	1,542.75	
119078	9/6/2018	SUZANNE ELLEDGE PLANNING &	CALLE REAL PERMIT SERVICES	1,107.15	
119079	9/6/2018	TELCOM, INC.	VENTURA REPEATER SERVICES	562.50	
119080	9/6/2018	THE MEDCENTER	MEDICAL EXAMS	1,212.00	
119081	9/6/2018	THE DOCUTEAM LLC	MISCELLANEOUS SERVICES	290.00	
119082	9/6/2018	TK SERVICE, INC.	BUS PARTS & REPAIRS	1,967.41	
119083	9/6/2018	TEAMSTERS MISC SECURITY TRUS	UNION MEDICAL INSURANCE	191,323.00	
119084	9/6/2018	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	31,216.89	
119085	9/6/2018	UNITED PARCEL SERVICE, INC.	FREIGHT CHARGES	438.63	
119086	9/6/2018	J.C. M. AND ASSOCIATES INC.	UNIFORMS	941.30	
119087	9/6/2018	VALLEY POWER SYSTEMS, INC.	BUS PARTS	84.04	
119088	9/6/2018	VALLEY POWER SYSTEMS, INC.	BUS PARTS	1,951.49	
119089	9/6/2018	VENTURA COUNTY OVERHEAD D	B&G REPAIRS & SUPPLIES	500.00	
119090	9/6/2018	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	1,547.94	
119091	9/6/2018	WEST MARINE PRO DBA	BUS PARTS	7.31	
				721,840.84	
				Current Cash Report Voided Checks:	0.00
				Prior Cash Report Voided Checks:	1,132.00
				Grand Total:	\$720,708.84

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

Date	Company	Description	Amount
8/22/2018	J.B. Hunt, Inc. and Eugene Maze	Canopy Damage Reimbursement	47,340.00
8/23/2018	UCSB - Contract Fares	Contract Fares Aug-Sep '18	73,930.66
8/23/2018	UCSB - Contract Fares	Contract Fares Jul '18	36,965.32
8/27/2018	LOSSAN Rail Corridor Agency	LOSSAN Contract Revenue Q4 FY18	10,151.50
8/30/2018	City of SB Creeks Division	Advertising on Buses	3,888.00
8/30/2018	Measure A, Section 3 LSTI	Measure A Capital Reimbursement	112,136.51
8/30/2018	S.B.C.A.G.	Amtrak Connecting Service Q4 FY18	56,927.70
8/31/2018	Department of Rehabilitation	Passes/Passports Sales	956.00
9/4/2018	ASTI Holding Company, LLC	Overpass Property Lease Sep '18	16,678.46
9/4/2018	MacDonald Media/MUFG Union Bank	Advertising on Buses	16,383.60
9/4/2018	MacDonald Media/MUFG Union Bank	Advertising on Buses	16,383.60
9/4/2018	MacDonald Media/MUFG Union Bank	Advertising on Buses	16,383.60
9/6/2018	Goodwin & Thyne Properties	Advertising on Buses	2,080.00
9/7/2018	Montecito Bank & Trust	Advertising on Buses	2,840.00
9/10/2018	Jim Haggerty	Retiree - Vision Sep '18	12.20
Total Accounts Receivable Paid During Period			\$413,057.15



BOARD OF DIRECTORS REPORT

MEETING DATE:	SEPTEMBER 18, 2018	AGENDA ITEM: #7
DEPARTMENT:	FINANCE	
TYPE:	INFORMATIONAL ITEM	
PREPARED BY:	BRAD DAVIS	_____
		<i>Signature</i>
REVIEWED BY:	GENERAL MANAGER	_____
		<i>Signature</i>
SUBJECT:	FY 17-18 ANNUAL FINANCIAL REPORT	

DISCUSSION:

Staff will present the preliminary operating budget results for the fiscal year ended June 30, 2018.

ATTACHMENT:

- Annual Financial Report for Fiscal Year Ending June 30, 2018



ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

Executive Summary

For fiscal year 2017-18, operating expenditures of \$26.1 million resulted in the use of \$592,000 in reserves to balance the budget. While this exceeded the budget expectation of a \$438,000 deficit, the result was an improvement from the third quarter results that included a shortfall in excess of \$700,000. Except for an unexpected large increase in risk-related costs and the negative impact on revenue from the two natural disasters experienced by Santa Barbara this year, there would have been a surplus rather than the projected deficit. This was due to greater growth in several smaller revenue sources, the continued underemployment in driver and mechanic positions, and a considerable reduction in vehicle maintenance parts costs. These results will be reviewed in more depth in the pages that follow and will include an update on the year's capital project activity.

Operating Summary

(\$ thousands)

	FY 17-18	FY 17-18	Change		FY 16-17	Change	
	Actual	Budget	Amt	%	Actual	Amt	%
Revenue							
Fare Revenue	\$6,991	\$7,145	(\$154)	-2%	\$7,205	(\$215)	-3%
LTF Sale Tax Revenue	7,664	7,771	(107)	-1%	7,556	108	1%
FTA Operating Assistance	5,215	5,082	133	3%	5,066	149	3%
Measure A Sales Tax	2,119	2,014	105	5%	2,041	78	4%
Property Tax Revenue	1,287	1,213	74	6%	1,164	123	11%
State & Local Assistance	1,261	1,260	1	0%	1,377	(116)	-8%
Non-Transportation Income	1,008	836	172	21%	727	281	39%
	<u>\$25,545</u>	<u>\$25,322</u>	<u>\$224</u>	1%	<u>\$25,136</u>	<u>\$410</u>	2%
Expenses							
Route Operations	\$16,692	\$16,184	\$508	3%	\$15,325	\$1,367	9%
Vehicle Maintenance	4,942	5,184	(242)	-5%	5,135	(194)	-4%
Passenger Accommodations	1,461	1,464	(3)	0%	1,435	26	2%
General Overhead	3,043	2,928	115	4%	2,804	239	9%
	<u>\$26,138</u>	<u>\$25,760</u>	<u>\$378</u>	1%	<u>\$24,699</u>	<u>\$1,439</u>	6%
Operating Surplus/(Deficit)	<u>(\$592)</u>	<u>(\$438)</u>			<u>\$437</u>		

As the annual financial and single audit for FY 17-18 is still in progress, the financial results for the year have not been finalized. However, the reported figures are not expected to change materially. Still to be recorded in the financial statements is the annual adjustment to MTD's OPEB liability and expense for retiree health benefits which is based upon an actuarial valuation underway. Note that this item is not incorporated in the MTD operating budget.

Operating Budget

Operating Revenue – Total operating receipts for the fiscal year came to \$25.5 million, 1% more than budgeted and a 2% improvement from the prior year. Fare revenue levels continued to decrease year-over-year although at a slower rate. The fall was limited to cash and pass fares as contract fares were flat. Cash and pass fares fell 5% relative to FY 16-17. This was an improvement from the 8% and 14% reductions in the prior two years reflecting a similar trend in ridership. Prior to the December Thomas Fire and the Montecito Debris Flow, such revenue was only 2% less than the prior year. The events had a measurable impact on ridership at the time affecting fare revenue throughout the rest of the fiscal year. In dollar terms, overall fare revenue was nearly \$200,000 under budget and \$221,000 less than in the prior year.

Downtown-Waterfront Shuttle revenue grew in line with the CPI-based adjustment built into the contract. UCSB contract fares were up 3% from last year stemming from the continued higher enrollment. SBCC contract revenue exceeded the budget although it was down 1% from the prior year. While SBCC enrollment continued to drop, the student fee increase in the fall of 2017 limited the revenue reduction.

Operating Revenue

(\$ thousands)

	FY 17-18	FY 17-18	Change		FY 16-17	Change	
	Actual	Budget	Amt	%	Actual	Amt	%
Farebox Revenue							
Cash Fares & Tokens	\$1,986	\$2,137	(\$151)	-7%	\$2,146	(\$160)	-7%
Adult Passes	1,057	1,059	(3)	0%	1,101	(44)	-4%
Youth Passes	475	513	(39)	-8%	503	(29)	-6%
Senior Passes	186	187	(1)	-1%	173	12	7%
Mobility Passes	149	152	(4)	-2%	148	0	0%
Day Passes	4	4	(0)	-3%	5	(0)	-8%
Downtown-Waterfront Shuttle	1,120	1,096	23	2%	1,104	15	1%
UCSB Contract Fares	1,055	1,037	18	2%	1,024	32	3%
SBCC Contract Fares	868	845	23	3%	880	(12)	-1%
City MyRide & Special Events	92	114	(21)	-19%	121	(28)	-24%
	<u>\$6,991</u>	<u>\$7,145</u>	<u>(\$154)</u>	<u>-2%</u>	<u>\$7,205</u>	<u>(\$215)</u>	<u>-3%</u>
Grants & Subsidies							
LTF Sales Tax Revenue	\$7,664	\$7,771	(\$107)	-1%	\$7,556	\$108	1%
FTA Operating Assistance	5,215	5,082	133	3%	5,066	149	3%
Measure A Sales Tax	2,119	2,014	105	5%	2,041	78	4%
Property Tax Revenue	1,287	1,213	74	6%	1,164	123	11%
State & Local Assistance	1,261	1,260	1	0%	1,377	(116)	-8%
	<u>\$17,546</u>	<u>\$17,340</u>	<u>\$206</u>	<u>1%</u>	<u>\$17,203</u>	<u>\$343</u>	<u>2%</u>
Non-Transportation Income							
Advertising on Buses	\$602	\$550	\$52	9%	\$563	\$39	7%
Lease & Other Income	318	218	100	46%	138	180	130%
Interest Income	88	68	20	30%	26	62	237%
	<u>\$1,008</u>	<u>\$836</u>	<u>\$172</u>	<u>21%</u>	<u>\$727</u>	<u>\$281</u>	<u>39%</u>
Total Operating Revenue	<u>\$25,545</u>	<u>\$25,322</u>	<u>\$224</u>	<u>1%</u>	<u>\$25,136</u>	<u>\$410</u>	<u>2%</u>

Overall grants and subsidies were nearly in line with the budget and showed 2% growth from FY 16-17. MTD's largest subsidy, LTF sales tax revenue, was 1% shy of the target level as a result of the downturn in local economic activity stemming from the natural disasters (the initial budget for the year included a 4% increase based on state LTF estimates). The sales tax decrease mainly affected March and April receipts, each down by 10%. A surge in June sales tax revenue recovered a portion of this which led to LTF revenue increasing by 1% from last year.

The federal budget approved last March provided for 3% growth in FTA operating assistance. The increase was in excess of the average 1% received over the previous three years and the 2% growth included in the FAST Act federal transportation bill. Due to federal budget uncertainty, MTD's budget assumed no growth from the prior year.

Measure A sales tax operating subsidies of \$2.1 million expanded by at 5%. Concerns that the mid-fiscal year downturn in local sale tax receipts would affect such revenue did not come to fruition because surplus Measure A funds prior to the downturn were sufficient to offset the dip. Property tax revenue of \$1.3 million surpassed the budgeted level and prior year receipts by 6% and 11%, respectively. Such growth was in spite of projections of a 1% decrease due to disaster-related real property devaluations. The current year budget does assume that the impact of the event will affect such revenue.

Advertising revenue reversed its FY 16-17 downturn with a 7% increase that exceeded the \$600,000 level for the first time. The \$104,000 disaster relief reimbursement led to a steep rise in Lease & Other Income. With the general

rise in interest rates and the shifting of more funds into the state's Local Agency Investment Trust, the District's interest income more than tripled from last year.

Operating Expenses – Aggregate expenditures of \$26.1 million for FY17-18 exceeded the budget by \$378,000, a 1% variance. The causes are addressed below with the sharp rise in workers' compensation (WC) expenses being the greatest single factor. Relative to FY16-17, operating expenses grew by 6%. About half of this increase was associated with scheduled employee wage and benefit increases. The balance of the year-over-year growth was related to the same factors leading to coming in over budget.

The higher WC costs were mainly based on large increases in third-party estimates of future payments for both new and existing claims. Under government accounting standards, such anticipated future costs must be recognized in the year of determination. WC claim payouts this year were actually under budget. However, overall WC costs of \$1.7 million were double those of last year. A review and analysis of the large rise, which is occurring in many areas of the state, will be addressed in a separate report to the Board. Partially offsetting increased risk costs, public liability expenses were 20% under budget and down 31% from last year representing a \$200,000 cost decrease. Reduced claims costs were to a large degree the result of the video surveillance systems installed on MTD buses.

Operating Expenses

(\$ thousands)

	FY 17-18	FY 17-18	Change		FY 16-17	Change	
	Actual	Budget	Amt	%	Actual	Amt	%
Route Operations							
Drivers	\$11,806	\$11,927	(\$121)	-1%	\$11,186	\$620	6%
Dispatch & Supervision	734	787	(53)	-7%	607	127	21%
Hiring & Training	458	362	96	27%	411	47	11%
Risk & Safety	2,825	2,239	586	26%	2,170	655	30%
ADA Transit Subsidies	869	869	0	0%	951	(82)	-9%
	<u>\$16,692</u>	<u>\$16,184</u>	<u>\$508</u>	<u>3%</u>	<u>\$15,325</u>	<u>\$1,367</u>	<u>9%</u>
Vehicle Maintenance							
Mechanics	\$1,100	\$1,245	(\$144)	-12%	\$1,101	(\$0)	0%
Cleaners & Fuelers	820	842	(22)	-3%	830	(10)	-1%
Supervision	530	497	32	7%	557	(28)	-5%
Vehicle Consumables	1,734	1,668	66	4%	1,718	16	1%
Bus Parts & Supplies	639	794	(155)	-20%	844	(205)	-24%
Vendor Services	74	83	(9)	-10%	20	53	261%
Risk & Safety	45	56	(11)	-19%	65	(20)	-31%
	<u>\$4,942</u>	<u>\$5,184</u>	<u>(\$242)</u>	<u>-5%</u>	<u>\$5,135</u>	<u>(\$194)</u>	<u>-4%</u>
Passenger Accommodations							
Passenger Facilities	\$517	\$449	\$67	15%	\$542	(\$25)	-5%
Transit Development	290	298	(8)	-3%	320	(31)	-10%
Promotion & Information	379	436	(57)	-13%	316	63	20%
Fare Revenue Collection	275	281	(5)	-2%	256	19	7%
	<u>\$1,461</u>	<u>\$1,464</u>	<u>(\$3)</u>	<u>0%</u>	<u>\$1,435</u>	<u>\$26</u>	<u>2%</u>
General Overhead							
Finance	\$589	\$578	\$11	2%	\$557	\$33	6%
Personnel	166	169	(3)	-2%	166	(0)	0%
Utilities & Communication	244	247	(2)	-1%	211	33	15%
Operating Facilities	387	360	26	7%	332	55	17%
District Administration	1,657	1,574	83	5%	1,538	119	8%
	<u>\$3,043</u>	<u>\$2,928</u>	<u>\$115</u>	<u>4%</u>	<u>\$2,804</u>	<u>\$239</u>	<u>9%</u>
Total Operating Expenses	<u>\$26,138</u>	<u>\$25,760</u>	<u>\$378</u>	<u>1%</u>	<u>\$24,699</u>	<u>\$1,439</u>	<u>6%</u>

MTD continues to be plagued with a driver shortage. One result is that this has necessitated building longer driver shifts requiring increased scheduled overtime. The overtime was up about 20% from the budget and last year. More than offsetting this, straight pay for actual driving time was 3% under budget. This was due to the inability to provide all scheduled service during the disasters as well as lacking the personnel to cover some shifts throughout the year. The fiscal year also saw a rise in Hiring & Training outlays resulting from the consistent need to fill vacant driver positions and also to provide training for the new BYD electric bus fleet.

Operating Expenses by Category

(\$ thousands)

Category	FY 17-18	FY 17-18	Change		FY 16-17	Change	
	Actual	Budget	Amt	%	Actual	Amt	%
Wages	\$11,820	\$11,873	(\$52)	0%	\$11,439	\$381	3%
Fringe Benefits	7,086	7,199	(113)	-2%	6,735	350	5%
Risk	2,144	1,549	594	38%	1,508	636	42%
Fuel	1,557	1,496	61	4%	1,546	11	1%
Services	1,265	1,331	(65)	-5%	1,088	177	16%
Materials & Supplies	1,152	1,196	(43)	-4%	1,220	(68)	-6%
ADA Transit Subsidies	869	869	0	0%	951	(82)	-9%
Utilities	244	247	(2)	-1%	211	33	15%
Total Operating Expenses	<u>\$26,138</u>	<u>\$25,760</u>	<u>\$378</u>	1%	<u>\$24,699</u>	<u>\$1,439</u>	6%

Vehicle Maintenance expenses were under budget 5% for the year. Unfortunately, the persistent difficulty in hiring and retaining heavy-duty diesel mechanics is one of the major reasons. While 13 mechanic positions were budgeted, the actual level was below this and at one point was down to 9 filled positions. MTD is moving forward with an apprenticeship program this year to promote in-house recruitment in hopes of improving the situation. The other major factor affecting department outlays was a large reduction in the cost of bus parts which occurred for several reasons. Last year's costs were above average due to the aging fleet and the write off of obsolete inventory. Another contributing factor was that more vehicle maintenance carried out this year was for vehicle capital improvements which added to fixed assets rather than being expensed. These improvements enabled the continued retirement of the higher maintenance 1998 Nova bus fleet as well, also helping to reduce maintenance costs.

Passenger Facilities costs were down from last year due to the reallocation of driver supervision to Hiring & Training. However, it was not shifted to the extent budgeted. That coupled with filling the customer service ranks for the first time in several years led to expenditures coming in over budget. A decision to increase needed daytime Transit Center janitorial services also added to facility costs. With an ambitious marketing and communications budget, such expenditures were up by 20% although not all planned activities took place resulting in coming in under budget.

The cost of utilities—excluding EV charging—grew by 16% from FY 16-17. Increases in water, sewer, and trash collection charges are mainly responsible. MTD incurred \$104,000 in unanticipated outlays due to the January Montecito debris flow. Such costs took the form of evacuation and transportation services; and employee overtime, travel, and hotel accommodations during the closure of Highway 101. The \$70,000 in non-payroll costs were allocated to miscellaneous expense included in General Overhead. As previously reported, MTD has been fully reimbursed for these expenses.

Capital Activity

Capital asset expenditures for the year totaled \$2.6 million and were spread across all asset categories (see table on the following page). Given the \$20 million budget, most notable are the acquisitions that did not take place. Three quarters of the budget was made up of bus acquisitions. The FTA-funded 14 buses were included to provide budget authority to encumber the funds in FY 17-18 with actual receipt of vehicles scheduled beyond FY 17-18. Delays in the BYD electric bus and Transit Center renovation projects account for most of the remaining budget variance. The multi-year AVL project under contract with Clever Devices was completed adding real-time schedule information and onboard video cameras among several other passenger and productivity enhancements. A large portion of the revenue vehicle improvements included the replacement of the majority of the hybrid bus fleet battery

packs that were well beyond their useful lives. Much of the revenue vehicle expenditure were composed of the acquisition and improvements to the 2003 air conditioned Gillig buses obtained from San Mateo Transit. This allowed for retirement of most of the 1998 Nova fleet. Operating facility capital costs covered completion of the Terminal One canopy and charging infrastructure improvements for the BYD fleet. MTD also obtained planning scenario software that provides the ability to quickly create and compare potential route structures leading to more efficient scheduling.

Capital Projects by Category

(\$ thousands)

	FY 17-18 Actual	FY 17-18 Budget	FY 16-17 Actual
Intelligent Transportation Systems	\$641	\$600	\$2,183
Revenue Vehicle Improvements	613	725	81
Revenue Vehicle Purchases	524	14,879	1,489
Operating Facilities	363	1,048	1,107
Information Systems	223	325	189
Passenger Facilities	167	2,600	259
Other Equipment	70	325	12
Total Capital Projects	<u>\$2,601</u>	<u>\$20,502</u>	<u>\$5,321</u>



BOARD OF DIRECTORS REPORT

MEETING DATE: SEPTEMBER 18, 2018 **AGENDA ITEM: #8**
DEPARTMENT: GOVERNMENT RELATIONS
TYPE: ACTION ITEM
PREPARED BY: JERRY ESTRADA _____
Signature
REVIEWED BY: GENERAL MANAGER _____
Signature
SUBJECT: UPDATE TO CONFLICT OF INTEREST CODE

RECOMMENDATION:

That the Board of Directors approve the following changes to MTD's Conflict of Interest Code:

- Sec. 6.1.5 Any donor of, or any intermediary or agent for a donor of, a **gift** or **gifts** aggregating ~~Four Hundred Twenty Dollars (\$420.00)~~ Four Hundred Seventy Dollars (\$470.00) or more provided to, received by, or promised to the **designated employee** within twelve months prior to the time when the decision is made.

- Sec. 6.8.1 No **public official** shall accept **gifts** with a total value of more than ~~\$420~~ \$470 in a calendar year from any single source, if the **public official** would be required to report the receipt of income or gifts from that source on his or her statement of economic interests

DISCUSSION:

The Political Reform Act requires every local government agency to review its Conflict of Interest Code biennially. A Conflict of Interest Code tells public officials, governmental employees, and consultants what financial interests they must disclose on their Statement of Economic Interests (Form 700).

MTD's attorney has proposed the recommended changes to the Conflict of Interest Policy for the Board's consideration.

ATTACHMENT:

- Conflict of Interest Code

Santa Barbara Metropolitan Transit District

Conflict of Interest Code

Sec. 1 Purpose and Applicability.

As a governmental institution, the Santa Barbara Metropolitan Transit **District** (“**District**”) must be vigilant in its protection of the public trust. **Public officials** are bound to observe the highest standards of performance and to discharge faithfully the duties of their office, regardless of personal considerations. The members of the Board of Directors hold office for the benefit of the public and their offices must not be used for the purpose of private gain. This Conflict of Interest Code (“**Code**”) is intended to prescribe standards of conduct designed to ensure the honesty and integrity of those **persons** governing the operation of the **District**.

The Political Reform Act, Government Code section 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, California Code of Regulations, title 2, section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of California Code of Regulations, title 2, section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the Santa Barbara Metropolitan Transit District. Nothing set forth herein is intended to be inconsistent with the regulations adopted by the Fair Political Practices Commission.

Sec. 2 Definitions.

Unless expressly defined herein or in Appendix A, the definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18100, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this Code. Terms defined in Appendix A hereto are printed in **bold** type in this Code.

Sec. 3 Public Official.

As used herein “**public official**” means members and alternates of the Board of Directors, **designated employees** of **District**, and **consultants** to and contractors of **District** required to file disclosure statements pursuant to this Code.

Sec. 4 Statements of Economic Interests.

- Sec. 4.1 **Designated Employees.** The **persons** holding positions of General Manager, Assistant General Manager, and Procurement Officer are **designated employees**. All such employees have senior management positions. It has been determined that these individuals make or participate in decisions which may foreseeably have a material effect on **financial interests**.
- Sec. 4.2 Place of Filing. All members of the Board of Directors and all **designated employees** shall file statements of economic interests with the Secretary of the Board of Directors. The Secretary shall review all statements and, after consultation with **District** General Counsel, report to the Board of Directors any potential conflicts noted in the statements.
- Sec. 4.3 Time of Filing. Statements shall be filed according to the following schedule:
- Sec. 4.3.1 Initial Statements. All members of the Board of Directors and all **designated employees** employed by **District** on the effective date of this Code shall file statements within 30 days of that effective date. Thereafter, each person already in a position subsequently designated by an amendment to this Code shall file an initial statement within 30 days after the effective date of the amendment.
- Sec. 4.3.2 Assuming Office Statements. All **persons** assuming **designated employee** positions after the effective date of this Code shall file statements within 30 days after assuming the designated position.
- Sec. 4.3.3 Annual Statements. All **designated employees** shall file statements no later than April 1st of each calendar year.
- Sec. 4.3.4 Leaving Office Statements. All **persons** who leave **designated employee** positions shall file statements within 30 days after leaving office.
- Sec 4.4 Statements for Persons Who Resign Prior to Assuming Office
- Sec. 4.4.1 Any **person** who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming officer statement, is not deemed to have assumed office of left office, provided he or she did not make or participate in the making of, or use his or her position to influence and decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such

persons shall not file either an assuming or leaving office statement.

Sec. 4.4.2 Any **person** who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision, or receive, or become entitled to receive, and form of payment by virtue of being appointed to the position.

Sec. 4.5 Contents of Statements.

Sec. 4.5.1 Contents of Initial Statements. Initial statements shall disclose any reportable **investments, interest in real property, income** and business positions held on the effective date of the Code and **income** received during the 12 months prior to the effective date of the Code.

Sec. 4.5.2 Contents of Assuming Office Statements. Assuming office statements shall disclose any reportable **investments, interest in real property, income** and business positions held on the date of assuming office, and **income** received during the 12 months prior to the date of assuming office.

Sec. 4.5.3 Contents of Annual Statements. Annual Statements shall disclose any reportable **investments, interest in real property, income** and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the Code or the date of assuming office, whichever is later.

Sec. 4.5.4 Contents of Leaving Office Statements. Leaving office statements shall disclose reportable **investments, interest in real property, income** and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

Sec. 5 Manner of Reporting.

Statements of economic interests shall be made on Form 700, attached hereto as Appendix B, and shall contain the following information:

Sec. 5.1 **Investment** and Real Property Disclosure. When an **investment** or an interest in real property is required to be reported, the statement shall contain the following:

Sec. 5.1.1 A statement of the nature of the **investment** or interest.

Sec. 5.1.2 The name of the business entity in which each **investment** is held, and a general description of the business activity in which the business entity is engaged.

Sec. 5.1.3 The address or other precise location of the real property.

Sec. 5.1.4 A statement whether the fair market value of the **investment** or **interest in real property** equals or exceeds Two Thousand Dollars (\$2,000.00), exceeds Ten Thousand Dollars (\$10,000.00), exceeds One Hundred Thousand Dollars (\$100,000.00), or exceeds One Million Dollars (\$1,000,000.00).

Sec. 5.2 **Personal Income** Disclosure. When personal **income** is required to be reported, the statement shall contain:

Sec. 5.2.1 The name and address of each **source of income** aggregating Five Hundred Dollars (\$500.00) or more in value, or Fifty Dollars (\$50.00) or more in value if the **income** was a **gift**, and a general description of the business activity, if any, of each source.

Sec. 5.2.2 A statement whether the aggregate value of **income** from each source, or in the case of a loan, the highest amount owed to each source, was One Thousand Dollars (\$1,000.00) or less, greater than One Thousand Dollars (\$1,000.00), greater than Ten Thousand Dollars (\$10,000.00), or greater than One Hundred Thousand Dollars (\$100,000.00).

Sec. 5.2.3 A description of the consideration, if any, for which the **income** was received.

Sec. 5.2.4 In the case of a **gift**, the name, address and business activity of the donor and any intermediary through which the **gift** was made; a description of the **gift**; the amount or value of the **gift**; and the date on which the **gift** was received.

Sec. 5.2.5 In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

Sec. 5.3 Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain:

(1) The name, address and a general description of the business activity of the business entity; and

(2) The name of every **person** from whom the business entity received payments if the filer's pro rata share of the gross receipts from such **person** was equal to or greater than ten thousand dollars (\$10,000.00).

Sec. 5.4 Business Position Disclosure. When business positions are required to be reported, a **designated employee** shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the **designated employee's** position with the business entity.

Sec. 5.5 Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an **investment** of an **interest in real property** was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

Sec. 6 Standards Of Conduct for **Public Officials**.

There are numerous laws and regulations which govern the conduct of **public officials** and which are applicable to **District**. When in doubt as to the applicability of any law or regulation or provision of this Code to any particular situation, the potentially affected **person** should request an advisory opinion from counsel to **District**. All **persons** subject to this Code shall be familiar with its provisions, including the following provisions which govern the conduct of all **public officials**:

Sec. 6.1 **Public officials** shall disqualify themselves from making, or participating in the making of, or in any way attempting to use their official position to influence, a **governmental decision** which they know or have reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

Sec. 6.1.1 Any business entity in which the **public official** has a direct or

- indirect **investment** worth Two Thousand Dollars (\$2,000.00) or more.
- Sec. 6.1.2 Any **interest in real property** in which the **public official** has a direct or indirect interest worth Two Thousand Dollars (\$2,000.00) or more.
- Sec. 6.1.3 Any **source of income**, other than **gifts** and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating Five Hundred Dollars (\$500.00) or more in value provided to, received by or promised to the **public official** within 12 months prior to the time the decision is made.
- Sec. 6.1.4 Any business entity in which the **designated employee** is a director, officer, partner, trustee, employee, or holds any position of management.
- Sec. 6.1.5 Any donor of, or any intermediary or agent for a donor of, a **gift** or **gifts** aggregating ~~Four Hundred Twenty Dollars (\$420.00)~~ Four Hundred Seventy Dollars (\$470.00) or more provided to, received by, or promised to the **designated employee** within twelve months prior to the time when the decision is made.
- Sec. 6.2 **Public officials** shall not be financially interested in any contract made by them in their official capacity. They shall not be purchasers at any sale or vendors at any purchase made by them in their official capacity. A contract made in violation of provision within Section 6 of this Code may be voided by the Board of Directors.
- Sec. 6.3 **Public officials** shall not engage in any employment or activity for compensation which is inconsistent or incompatible or in conflict with his or her duties as a Board member or employee (that is, which would interfere with the official's ability to carry out official duties or exercise independent judgment on behalf of the public interest). **Public officials** shall not engage in outside employment or provide services for compensation where any part of those efforts will be subject to approval by the Board of Directors, or any other board, officer or employee acting on behalf of **District**.
- Sec. 6.4 No **public official** shall participate in a **governmental decision** in which he or she has a close personal interest which would tend to impair the exercise of independent judgment in the public interest.

- Sec. 6.5 No **public official** shall hold another public office where the two offices are incompatible.
- Sec. 6.6 No **public official** of the **District** may solicit or accept, either directly or indirectly, any **gift**, gratuity, loan, or other item or service of value if either the discharge of his or her official duties would be influenced or he or she has been, is presently, or may in the near future be involved in any official act or action directly affecting the donor or lender.
- Sec. 6.7 Invitations, received from bidders or other parties involved in a pending procurement, for business lunches, parties, or similar functions shall be declined. This is intended to avoid any situation which may give an appearance of improper influence in **District** procurement activities.
- Sec. 6.8 No **public official** shall accept any honorarium from any source, if the **public official** would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.
- Sec. 6.8.1 No **public official** shall accept **gifts** with a total value of more than \$420 ~~\$470~~ in a calendar year from any single source, if the **public official** would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.
- Sec. 6.9 Notwithstanding the above, this section shall not apply to the following:
- Sec. 6.9.1 An occasional non-pecuniary **gift** of nominal value accepted in the ordinary course of a business meeting.
- Sec. 6.9.2 Unsolicited advertising or promotional material of nominal intrinsic value.
- Sec. 6.9.3 A **gift**, gratuity, favor, loan, or other thing of value when circumstances make it clear that an obvious long-standing social or family relationship, rather than a business relationship, is the motivating factor.
- Sec. 6.10 No **public official** or **designated employee** shall disclose or otherwise use confidential information acquired by virtue of his or her position or employment with the **District** for his or her or another **person**'s private gain. No Board member shall reveal information received in a lawful closed session unless such information is required by law to be disclosed.

Sec. 7 **Legally Required Participation.**

No **public official** of **District** shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a **designated employee** who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

Sec. 8 **Prohibitions Against the Use of Public Office for Personal Gain.**

No **public official** of **District** shall use for personal gain or advantage, **District** facilities, equipment, supplies, personnel or other things of value or his or her position or office to secure, for personal benefit, **gifts**, special privileges or exemptions.

Sec. 9 **Conduct When There May Be a Financial Interest.**

Public officials shall conduct themselves as follows whenever the Board member, employee or **consultant** has, or may have, a **financial interest** in making or participating in the making of, any **governmental decision**:

Sec. 9.1 Board of Directors' member: Unless his or her participation is legally required, when the matter comes up on the agenda, the Director shall disclose his or her interest, refrain from participating in any way in the decision making process, and withdraw from the room if the subject is being discussed in a closed session.

Sec. 9.2 During any **contract formation**, a Director may not have any **financial interest** in any contract made by the **District**. Board of Directors are conclusively presumed to be involved in the making of all contracts under their Board's jurisdiction. Any contract made when a Director has a financial interest will be void. Disclosure of any **financial interest** and disqualification of the Director from contract formation will not prevent the creation of a void contract. Directors may engage in contract formation only when: (1) they have no financial interest; (2) they have a **remote interest**, (3) they have a **noninterest**; and/or (4) the contract involves a necessity.

Sec 9.3 If **designated employee** has a **remote interest**, that employee shall not be deemed to be to have a **financial interest** in a contract entered into by the **District** if the fact of that interest is disclosed to the body of the Board of Directors, and is noted in the official records, and thereafter the Board of Directors authorizes, approves, or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the

vote of the **designated employee** with the **remote interest**.

Sec. 9.4 Employees: The employee shall immediately report the nature of the matter and the existence of a conflict to his or her superior so that the work may be assigned to another employee.

Sec. 9.5 **Consultants:** The **consultant** shall immediately report the nature of the matter and the existence of the conflict to the General Manager, who shall determine the action to be taken.

Sec. 10 Contact with Vendors, Bidders, and Proposers.

Prior to the issuance of a procurement solicitation, informational and research contacts with prospective vendors may be made for the purpose of gathering needed data. However, in making such contacts, **District** employees, officers, and agents shall avoid any commitment, or implication thereof, of a possible future contract.

Accordingly, requests for substantial complimentary services or supplies which may imply an obligation on the part of **District** shall be avoided. Also to be avoided are requests for testing services, product samples or demonstrations, and free trips to examine vendor products. Whenever a procurement is in process, e.g., during the solicitation, evaluation, negotiation, and award phases, all contacts with potential contractors or vendors shall be made through the Procurement Officer.

Sec. 11 Incompatible Uncompensated Activities.

Sec. 11.1 **Public officials** may participate in outside activities for which they are not compensated, but are discouraged from participating in such non-compensated activities when any of the following subsections applies:

Sec. 11.1.1 The activity involves a substantial commitment of time that interferes with the **public official's** ability to timely discharge his or her official duties.

Sec. 11.1.2 The activity involves matters which come regularly before the Board and would create a substantial conflict between private interest and the exercise of Board authority in the public interest.

Sec. 11.2 A director may disqualify himself or herself in matters coming before the Board where the director concludes that participation would create the appearance of a conflict of interest.

Sec. 12 Penalties for Violation.

This Code has the force and effect of law. **Designated employees** violating any provision of this Code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91015. In addition, failure to adhere to the provisions of this Code shall constitute a violation of **District** policy and shall subject the violator to disciplinary action up to and including termination as deemed appropriate by the **District** General Manager and/or Board of Directors. Any decision affected by a violation of the disqualification provisions of this Code has occurred may be set aside as void.

Sec. 13 Transportation Passes and Discounts.

Other than indicated below, the **District** may not grant, and Directors and/or **designated employees** may not receive, free passes or discounts for transit. The acceptance of a pass or discount by a **public official**, other than a Public Utilities Commissioner, shall work a forfeiture of that office. The Board of Directors or other employees may receive passes or discounts if such passes or discounts are provided to assist or enable them to perform a part of their official duties.

Sec. 14 Post Employment Restrictions.

Sec. 14.1 Post Employment Restriction for Board Members. The **District** shall not employ or retain under contract for compensation any individual who has served as a Board member within the previous two years. No Board member who leaves his or her office and accepts a position of employment with, or as a contractor or **consultant** for, a current or future **District** contractor/**consultant** may participate in a project or provide any goods or services to the **District**, through the contractor or **consultant**, for a period of two years.

Sec. 14.2 Post Employment Restrictions for Employees. No employee who leaves his or her **District** position and accepts a position of employment with, or as a contractor or **consultant** for, a current or future **District** contractor (**consultant**, vendor, developer, etc.) may participate in a project or provide any goods or services to the **District** through the contractor, for a period of two years. The General Manager may, when it is in the overall best interests of the **District**, make exceptions in the case of employees who have retired.

Appendix A

DEFINITIONS

1. **CONTRACT FORMATION:** The following actions constitute involvement in contract formation: (1) Any involvement in preliminary discussions, reasoning, negotiations, planning, drawing or plans or specifications and solicitations of bids relating to a contract; or (2) participation in decisions to modify, extend or renegotiate an existing contract, including exercise of an option.

2. **CONSULTANT:** Consultant shall be defined pursuant to 2 Cal. Code Regs. § 18700(a)(2) for purposes of this code. A consultant is an individual who, pursuant to contract with a state or local agency:
 - (A) Makes a governmental decision whether to:
 - (i) Approve a rate, rule, or regulation;
 - (ii) Adopt or enforce a law;
 - (iii) Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
 - (iv) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
 - (v) Grant agency approval to a contract which requires agency approval and in which the agency is a party or the specification for such a contract;
 - (vi) Grant approval to a plan, design, report, study or similar item;
 - (vii) Adopt, or grant agency approval or, policies, standards, or guidelines for the agency, or for any subdivision thereof;
 - or
 - (B) Serves in a staff capacity with the agency and in that capacity performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code.

Consultants shall be included in the list of **designated employees** and shall disclose pursuant to the broadest disclosure category in the code subject to the following

limitation:

The Executive Director may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

3. **DESIGNATED EMPLOYEE:** Any official of the **District** whose position is designated in this Code.
4. **DISTRICT:** The Santa Barbara Metropolitan Transit **District**.
5. **FINANCIAL INTEREST:** For the purposes of Article IV of this Code, a **designated employee** has a **financial interest** in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, or on any significant segment thereof, within the **jurisdiction**, on:
 - (a) Any business entity in which the **designated employee** has a direct or indirect **investment** worth more than Two Thousand Dollars (\$2,000.00).
 - (b) Any real property in which the **designated employee** has a direct or indirect interest worth more than Two Thousand Dollars (\$2,000.00).
 - (c) Any **source of income**, other than loans by a commercial lending institution in the regular course of business, aggregating Five Hundred Dollars (\$500.00) or more in value received by or promised to the **designated employee** within twelve (12) months prior to the time when the decision is made; or
 - (d) Any business entity in which the **designated employee** is a director, officer, partner, trustee, employee or holds any position of management.
 - (e) Indirect **investment** or interest, as used to define **financial interest**, means any **investment** or interest owned by the spouse or dependent child of the **designated employee**, by any business entity controlled by the **designated employee** or by a trust in which the business entity is controlled by a **designated employee** if the **designated employee** has a substantial interest. A business entity is controlled by a **designated employee** if the **designated employee**, his or her agents, spouse and dependent children hold more than Fifty Percent (50%) of the ownership interest in the entity. A **designated employee** has a substantial interest in a trust when the **designated employee**, his or her spouse and dependent children have a present or future interest worth more than Two Thousand Dollars (\$2,000.00).

6. **GIFT:** Any payment to the extent that the consideration of equal or greater value is not received. Any **person**, other than a defendant in a criminal action, who claims that a payment is not a **gift** by reason of receipt of consideration has the burden of proving that the consideration received is of equal or greater value. The term “**gift**” does not include informational material such as books, reports, pamphlets, calendars or periodicals. No payment for travel or reimbursements for any expenses shall be deemed “informational material.”
7. **INCOME:**
- (a) **Income** means, except as provided in subsection (b), **income** of any nature from any source, including but not limited to any salary, wage, advance, payment, dividend, interest, rent, capital gain, return of capital, **gift**, including any **gift** of food or beverage, loan, forgiveness or payment of indebtedness, discount in the price of anything of value unless the discount is available to members of the public without regard to official status, rebate, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any **person** other than an employer, and including any community property interest in **income** of a spouse. **Income** of an individual also includes a pro rata share of any **income** of any business entity or trust in which the individual or spouse owns, directly, indirectly, or beneficially, a Ten Percent (10%) interest or greater.
- (b) **Income** does not include:
- (1) **Income**, other than a **gift**, from any source outside the **jurisdiction** and not doing business within the **jurisdiction**, not planning to do business within the **jurisdiction**, or not having done business within the **jurisdiction** during the two years prior to the time any statement or other action is required under this Code.
 - (2) Campaign contribution required to be reported under Chapter 4 of the Political Reform Act of 1974.
 - (3) Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide educational, academic or charitable organization.
 - (4) **Gifts** of informational material, such as books, pamphlets, reports, calendars or periodicals.
 - (5) **Gifts** which are not used and which, within thirty (30) days after receipt, are returned to the donor or delivered to a charitable organization without

being claimed as a charitable contribution for **income** tax purposes.

- (6) **Gifts** from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle or first cousin or the spouse of any such **person**; provided that a **gift** from any such **person** shall be considered **income** if the donor is acting as an agent or intermediary for any **person** not covered by this paragraph.
 - (7) Any devise or inheritance.
 - (8) Interest, dividends or premiums on a time or demand deposit in a financial institution, shares in a credit union or any insurance policy, interest credited on employees' contributions to public retirement plans, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency.
 - (9) Dividends, interest or any other return on a security which is registered with the Securities & Exchange Commission of the United States Government.
 - (10) The value of **gifts** of hospitality including food, beverages or lodging provided to any **person** filing a statement of economic interest if such hospitality has been reciprocated within the filing period. "Reciprocity" as used in this paragraph includes the providing by the filer to the host of any consideration, including entertainment or a household **gift** of a reasonably similar benefit or value.
 - (11) **Income** from a source which is a former employer if all **income** from the employer was received by or accrued to the **designated employee** prior to the time he or she became a **designated employee**; the **income** was received in the normal course of the previous employment; and there was no expectation by the **designated employee** at the time he or she assumed a designated position or resumed employment with the former employer.
8. **INTEREST IN REAL PROPERTY** includes any leasehold, beneficial or ownership interest or option to acquire such an **interest in real property** within the **jurisdiction** if the fair market value of the interest is equal to or greater than Two Thousand Dollars (\$2,000.00). **Interests in real property** of an individual include a pro rata share of **interests in real property** of any business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a Ten Percent (10%) interest or greater. For the purposes of Articles II and III of this Code, "**Interest in Real Property**" does not include the principal residence of the filer.
9. **INVESTMENT:** Any **financial interest** in or security issued by a business entity,

including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership or other ownership interest, if the business entity or any parent, subsidiary or otherwise related business entity has an **interest in real property** within the **jurisdiction**, or does business or plans to do business within the **jurisdiction** of the **District**, or has done business within the **jurisdiction** at any time during the two years prior to the time any statement or other action is required under this Code. No asset shall be deemed an **investment** unless its fair market value exceeds Two Thousand Dollars (\$2,000.00). **Investment** does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, any employee's contribution to a public retirement plan or any bond or other debt instrument issued by any government or government agency. **Investments** of an individual include a pro rata share of **investments** of any business entity or trust in which the individual or spouse owns, directly or beneficially, a Ten Percent (10%) interest or greater.

10. **LEGALLY REQUIRED PARTICIPATION:**

- (a) A **designated employee** is not legally required to make or to participate in the making of a **governmental decision** within the meaning of paragraph 4.5 of this Code unless there exists no alternative source of decision consistent with the purposes and terms of the statute authorizing the decision.
- (b) Whenever a **designated employee** who has a **financial interest** in a decision is legally required to make or to participate in making such a decision, he or she shall:
 - (1) Disclose as a matter of official public record the existence of the **financial interest**.
 - (2) Describe with particularity the nature of the **financial interest** before he or she makes or participates in making the decision.
 - (3) Attempt in no way to use his or her official position to influence any other **public official** with respect to the matter.
 - (4) State the reason there is no alternative source of decision-making authority.
 - (5) Participate in making the decision only to the extent that such participation is legally required.
- (c) This regulation shall be construed narrowly, and shall not be construed to permit voting to break a tie.

11. **MAKING GOVERNMENTAL DECISIONS:** A **designated employee** makes

governmental decisions, except as provided in subsection (f)(1) herein, when he or she, acting within the authority of his or her duties:

- (a) Votes on a matter.
- (b) Appoints a **person**.
- (c) Obligates or commits the **District** to any course of action.
- (d) Enters into any contractual agreement on behalf of the **District**.
- (e) Determines not to act, within the meaning of subparagraphs (a) through (d) above, unless such determination is made because of his or her **financial interest**. When the determination not to act occurs because of his or her **financial interest**, the **designated employee's** determination not to act must be accompanied by disclosure of the **financial interest** in the manner prescribed in Section 4.3 of the Article IV of this Code.
- (f) The making of a **governmental decision** shall not include:
 - (1) Actions of **designated employees** which are solely ministerial, secretarial, manual or clerical.
 - (2) Appearances by a **designated employee** as a member of the general public before an agency in the course of its prescribed governmental function to represent himself on matters related solely to his or her personal interests.
 - (3) Actions by **designated employees** or their representatives relating to their compensation or the terms or conditions of their employment or contract.

12. **NONINTEREST:**

- (a) An officer or employee of the District shall not be deemed to be interested in a contract if his other interest is any of the following:
 - (1) The ownership of less than 3 percent of the shares of a corporation for profit, provided the total annual income to him or her from dividends, including the value of stock dividends, from the corporation does not exceed 5 percent of his or her total annual income, and any other payments made to him or her by the corporation do not exceed 5 percent of his or her total annual income.
 - (2) That of an officer in being reimbursed for his or her actual and necessary expenses incurred in the performance of official duty.

- (3) That of a recipient of public services generally provided by the public body or board of which he or she is a member, on the same terms and conditions as if he or she were not a member of the board.
- (4) That of a landlord or tenant of the contracting party if such contracting party is the federal government or any federal department or agency, this state or an adjoining state, any department or agency of this state or an adjoining state, any county or city of this state or an adjoining state, or any public corporation or special, judicial, or other public district of this state or an adjoining state unless the subject matter of such contract is the property in which such officer or employee as such interest as landlord or tenant in which event his or her interest shall be deemed a **remote interest** within the meaning of, and subject to, the provisions of Section 1091.
- (5) That of a tenant in a public housing authority created pursuant to Part 2 (commencing with Section 34200) of Division 24 of the Health and Safety Code in which he or she serves as a member of the board of commissioners of the authority or of a community development commission created pursuant to Part 1.7 (commencing with Section 34100) of Division 24 of the Health and Safety Code.
- (6) That of a spouse or an officer or employee of a public agency in his or her spouse's employment or officeholding if his or her spouse's employment or officeholding has existed for at least one year prior to his or her election or appointment.
- (7) That of a nonsalaried member of a nonprofit corporation, provided that such interest is disclosed to the body or board at the time of the first consideration of the contract, and provided further that such interest is noted in its official records.
- (8) That of a noncompensated officer of a nonprofit, tax-exempt corporation, which, as one of its primary purposes, supports the functions of the body or board or to which the body or board has a legal obligation to give particular consideration, and provided further that such interest is noted in its official records. For purposes of this paragraph an officer is "noncompensated" even though he or she receives reimbursement from the nonprofit, tax-exempt corporation for necessary travel and other actual expenses incurred in performing duties for his or her office.
- (9) That of compensation for employment with a governmental agency, other than the governmental agency that employs the officer or employee, provided that the interest is disclosed to the body or board at the time of

consideration of the contract, and provided further that the interest is noted in its official record.

(10) That of an attorney of the contracting party or that of an owner, officer, employee, or agent of a firm which renders, or has rendered, service to the contracting party in the capacity of stockbroker, insurance agent, insurance broker, real estate agent, or real estate broker, if these individuals have not received and will not received remuneration, consideration, or a commission as a result of the contract and if these individuals have an ownership interest of less than 10 percent in the law practice or firm, stock brokerage firm, insurance firm, or real estate firm.

(11) Except as provided in subdivision (b), that of an officer or employee of or a **person** having less than a 10 percent ownership interest in a bank, bank holding company, or savings and loan association with which a party to the contract has a relationship of borrower or depositor, debtor, or creditor.

(b) An officer or employee shall not be deemed to be interested in a contract made pursuant to competitive bidding under a procedure established by law if his or her sole interest is that of an officer, director, or employee of a bank or savings and loan association with which a party to the contract has the relationship of borrower or depositor, debtor or creditor.

13. **PERSON:** An individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, associations, committee and any other organization or group of **persons** acting in concert.

14. **PUBLIC OFFICIAL:** As used herein, **public official** means members and alternates of the Board of Directors, **designated employees** of **District**, and **consultants** to and contracts of **District** required to file disclosure statements pursuant to this Code.

15. **REMOTE INTEREST:** As used in this article, **remote interest** means any of the following:

(a) That of an officer or employee of a nonprofit corporation, except as provided in paragraph (8) of subdivision (a) of Government Code section 1091.5.

(b) That of an employee or agent of the contracting party, if the contracting party has 10 or more other employees and if the officer was an employee or agent of that contracting party for at least three years prior to the officer initially accepting his or her office. For purposes of this paragraph, time of employment with the contracting party by the officer shall be counted in computing the three-year period specified in this paragraph even though the contracting party has been

converted from one form of business organization to a different form of business organization within three years of the initial taking of office by the officer. Time of employment in that case shall be counted only if, after the transfer or change in organization, the real or ultimate ownership of the contracting party is the same or substantially similar to that which existed before the transfer or change in organization. For purposes of this paragraph, stockholders, bondholders, partners, or other **persons** holding an interest in the contracting party are regarded as having the “real or ultimate ownership” of the contracting party.

- (c) That of an employee or agent of the contracting party, if all of the following conditions are met:
 - (1) The agency of which the **person** is an officer is a local public agency located in a county with a population of less than 4,000,000.
 - (2) The contract is competitively bid and is not for personal services.
 - (3) The employee or agent is not in a primary management capacity with the contracting party, is not an officer or director of the contracting party, and holds no ownership interest in the contracting party.
 - (4) The contracting party has 10 or more other employees.
 - (5) The employee or agent did not directly participate in formulating the bid of the contracting party.
 - (6) The contracting party is the lowest responsible bidder.
- (d) That of a parent in the earnings of his or her minor child for personal services.
- (e) That of a landlord or tenant of the contracting party.
- (f) That of an attorney of the contracting party or that of an owner, officer, employee, or agent of a firm which renders, or has rendered, service to the contracting party in the capacity of stockbroker, insurance agent, insurance broker, real estate agent, or real estate broker, if these individuals have not received and will not receive remuneration, consideration, or a commission as a result of the contract and if these individuals have an ownership interest of 10 percent or more in the law practice or firm, stock brokerage firm, insurance firm, or real estate firm.
- (g) That of a member of a nonprofit corporation formed under the Food and Agricultural Code or a nonprofit corporation formed under the Corporations Code for the sole purpose of engaging in the merchandising of agricultural products or the supplying of water.

- (h) That of a supplier of goods or services when those goods or services have been supplied to the contracting party by the officer for at least five years prior to his or her election or appointment to office.
- (i) That of a **person** subject to the provisions of Section 1090 in any contract or agreement entered into pursuant to the provisions of the California Land Conservation Act of 1965.
- (j) Except as provided in subdivision (b) of Section 1091.5, that of a director of or a **person** having an ownership interest of 10 percent or more in a bank, bank holding company, or savings and loan association with which a party to the contract has a relationship of borrower or depositor, debtor or creditor.
- (k) That of an engineer, geologist, or architect employed by a consulting engineering or architectural firm. This paragraph applies only to an employee of a consulting firm who does not serve in a primary management capacity, and does not apply to an officer or director of a consulting firm.
- (l) That of an elected officer otherwise subject to Section 1090, in any housing assistance payment contract entered into pursuant to Section 8 of the United States Housing Act of 1927 (42 U.S.C. Sec. 1437f) as amended, provided that the housing assistance payment contract was in existence before Section 1090 became applicable to the officer and will be renewed or extended only as to the existing tenant, or, in a **jurisdiction** in which the rental vacancy rate is less than 5 percent, as to new tenants in a unit previously under a Section 8 contract. This section applies to any **person** who became a **public official** on or after November 1, 1986.

16. **SOURCE OF INCOME:** **Source of income**, as used in subparagraph c of paragraph No. 3 of this Appendix "A" shall not include a former employer if all **income** from the employer was received by or accrued to the **designated employee** prior to the time he or she became a **designated employee**, the **income** was received in the normal course of the previous employment, and there was no expectation by the **designated employee** at the time he or she began employment or assumed office or renewed employment with the former employee.

Appendix B

See Form 700 attached hereto.

To: MTD Board of Directors
From: Jerry Estrada, General Manager
Date: September 18, 2018
Subject: General Manager's Report

Operations, Fleet and Facilities

The cruise ship season is upon us in Santa Barbara, and we welcome the visitors to our area. Additional supervision and shuttles are added in the waterfront and downtown area to mitigate traffic from passengers and crew that disembark. Throughout the cruise ship season, several different cruise lines anchor and tender their passengers into the Sea Landing area. There are nine scheduled visits from now until the end of 2018, with the first one having arrived this past Saturday.

Two buses remain on the production line at the BYD factory in Lancaster. Both units, #41 and #43, are scheduled to be completed and delivered to MTD at the end of September. MTD personnel, including MTD's new Maintenance Manager, Nolan Robertson, will be taking a trip to the BYD factory the week of September 17th to evaluate the progress on the remaining buses. The trip will also provide Nolan with an opportunity to get acquainted with the BYD project team assigned to MTD's buses.

MTD, unfortunately, was not awarded funding for SCE's Charge Ready pilot, which provides funding for charging infrastructure installation projects. Although MTD's knowledge and experience with electric buses made the District a strong applicant, preference went to transit agencies that serve disadvantaged communities (DAC) as defined by SB 535. Currently, MTD does not provide transit service to any DACs. Fortunately, SCE is introducing a new program in mid-2019 called Charge Ready Transport. With the \$356M Charge Ready Transport program funds for medium and heavy-duty trucks, buses, and industrial equipment, SCE plans to install charging infrastructure for at least 870 SCE customer sites.

Administration

Postpartum Education for Parents (PEP) held the 8th Annual Touch-a-Truck event at SBCC on September 9th, and MTD happily participated, giving away free bus passes. Hundreds of children and families were able to check out the bus and sit in the driver's seat in a safe, low-pressure setting.

Staff attended meetings of the Santa Barbara County Association of Governments' (SBCAG's) Technical Transportation Advisory Committee (TTAC) and Joint Technical Advisory Committee (JTAC) on September 6. TTAC recommended that the SBCAG Board approve the 2019 Federal Transportation Improvement Program (FTIP) and the FY 2016-17 Measure A audit reports, and received update on the 2018 Measure A Strategic Plan and the 2017 Measure A Annual Report. JTAC recommended that the SBCAG Board approve a resolution opposing Proposition 6, and approve a contract for a consultant to perform a Regional Transportation Network Resiliency Assessment, and reviewed the SBCAG's Draft Regional Growth Forecast.

On September 10, staff attended a kick-off meeting for Cycle 4 of the Measure A South Coast Bike and Pedestrian and Safe Routes to School programs. The programs award funds to projects through a competitive application process.

MTD accepted an invitation to attend the Global Commercial Vehicle Drive to Zero workshop affiliate event to the Global Climate Action Summit in San Francisco last week. The event was hosted by the Bay Area Air Quality Management District and CALSTART. The workshop included representatives from original equipment manufacturers (OEM) such as Westport Fuel Systems, Siemens, Volvo Group, BYD Motor Inc. and Ballard Power Systems. They shared their needs, plans and timing for phased rollouts of low carbon clean trucks and buses. Representatives from Southern California Edison, Black and Veatch and ChargePoint emphasized the critical need for infrastructure improvements, while individuals from the Cities of Copenhagen and Vancouver, as well as a professor from Rotterdam University of Applied Sciences, shared an international perspective of actions and early change seen to date. The day was capped off with a panel of global and regional leaders in goods movement and services from PepsiCo, Ikea and Ryder Systems sharing their thoughts on the framework needed to speed their fleet transition.