BOARD OF DIRECTORS MEETING AGENDA

Meeting
of the
BOARD OF DIRECTORS
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
Tuesday, November 6, 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 October 16, 2018.

5. CASH REPORT - (ATTACHMENTS - ACTION MAY BE TAKEN)
The Board of Directors will be asked to review and approve the Cash Report from October 9, 2018, through October 29, 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.sbmtd.com and at MTD Administrative offices.

7. SINGLE AUDIT - (INFORMATIONAL)
The Single Audit Report for the fiscal year ended June 30, 2018 will be presented to the Board by Scott Davis from McGowan Guntermann.

8. 2019 STANDING COMMITTEE ASSIGNMENTS - (ACTION MAY BE TAKEN)
Staff recommends the Board of Directors consider Committee assignments for 2019.

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

a. Transit Fleet Electrification
b. Facilities Master Plan Update

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: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - (ACTION MAY BE TAKEN)
The Board will meet in closed session, pursuant to Government Code § 54957, to evaluate the performance of the District's General Manager.

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
BOARD OF DIRECTORS
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
Tuesday, October 16, 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 exceptions of Secretary Bill Shelor and Director Paula Perotte.

3. REPORT REGARDING POSTING OF AGENDA
Christina Perry, Administrative Assistant Lead, reported that the agenda was posted on Friday, October 12, 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 was asked to waive the reading of and approve the draft minutes for the meeting of October 2, 2018.

5. CASH REPORT - (ATTACHMENTS - ACTION MAY BE TAKEN)
The Board was asked to review and approve the Cash Report from September 25, 2018, through October 8, 2018.

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

THIS CONCLUDES THE CONSENT CALENDAR

6. PUBLIC COMMENT
No public comments were made.

7. ANNUAL OPERATING & RISK REPORT - (INFORMATIONAL)
Mary Gregg, Manager of Human Resources and Risk, and Bill Morris, Operations Manager, updated the Board on Operations and Risk department activities for the past fiscal year and answered questions from the Board.

Ms. Gregg and Mr. Morris thanked the following staff: Hillary Blackerby, Marketing and Community Relations Manager; Lilly Gomez, Marketing and Community Relations Coordinator; Manny Castanon, Safety and Training Officer; Mike Cardona, Superintendent of Maintenance; Steve Maas, Manager of Government Relations and Compliance; and maintenance staff.

Chair Davis and General Manager Jerry Estrada thanked Ms. Gregg and Mr. Morris for their report.

DIRECTOR PAULA PEROTTE ENTERED THE MEETING AT 8:37 AM.

SECRETARY BILL SHELOR ENTERED THE MEETING AT 8:41 AM.

8. PUBLIC TRANSPORTATION AGENCY SAFETY PLAN - (INFORMATIONAL)

Ms. Gregg presented an update on the upcoming Federal Transit Administration (FTA) requirement to prepare a Public Transportation Agency Safety Plan. General Manager Estrada and Ms. Gregg answered questions from the Board.

9. AUGUST SERVICE UPDATE - (INFORMATIONAL)

Ms. Blackerby provided an update on the 2018 service changes that began on August 20, 2018.

Chair Davis requested that the Planning and Marketing Committee reassess service within Isla Vista due to student enrollment growth.

Ms. Blackerby noted the need for further conversation with the University of California Santa Barbara (UCSB) regarding student enrollment, bus capacity, and service expansion.

10. GENERAL MANAGER’S REPORT UPDATE - (INFORMATIONAL)

General Manager Estrada presented the Board with an update of the following items: First/Last Mile Amtrak Service to UCSB, Santa Barbara Police Department training assistance, new Day Pass, and hiring.

General Manager introduced Nolan Robertson, the new Fleet Maintenance Manager, to the Board. On behalf of the Board, Chair Davis welcomed Mr. Robertson to the team.

Assistant General Manager and Controller Brad Davis updated the Board on suggested changes to current technology, including a proposal from Clever Devices for upgrading revenue fleet cellular modems, and a recommended upgrade to the Apollo video recorders.

General Manager Estrada thanked Assistant General Manager Davis and staff for finishing the Smartcard project.

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

The Fleet and Facilities Committee will meet on Thursday, October 18, 2018.

The Calle Real Ad Hoc Committee met on Tuesday, October 9, 2018, to discuss developer questions. Chair Davis anticipates bringing the developer’s proposals to the Board at the beginning of 2019.

Santa Barbara County Association of Governments (SBCAG) met on Wednesday, October 10, 2018 and reviewed a draft Regional Growth Forecast. Chair Davis requested that SBCAG staff update the MTD Board when the Forecast is finalized.

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

12. RECESS TO CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - (ACTION MAY BE TAKEN)

The Board will meet in closed session, pursuant to Government Code § 54957, to evaluate the performance of the District's General Manager.

No public comments were made prior to recess.

Chair Davis stated that the Board would stand in recess to closed session at 9:57 AM.

DIRECTOR DICK WEINBERG EXITED THE CLOSED SESSION AT 10:31 AM.

At the end of the closed session, Chair Davis stated that no reportable action was taken.

13. ADJOURNMENT

Director Olivia Rodriguez moved to adjourn the meeting at 10:53 AM. Director Perotte seconded the motion. The motion passed unanimously.

Santa Barbara Metropolitan Transit District

Cash Report

Board Meeting of November 6, 2018

For the Period October 9, 2018 through October 29, 2018

<u>MONEY MARKET</u>		
Beginning Balance October 9, 2018		**$6,882,590.92**
Passenger Fares	224,467.59	
Accounts Receivable	171,338.71	
Miscellaneous Income	4,624.63	
Interest Income	4,008.62	
Total Deposits	**404,439.55**	
Miscellaneous Transfers	(1,793.24)	
Bank & Credit Card Fees	(5,502.45)	
Workers' Compensation	(64,865.80)	
401(k)/Pension Transfer	(72,243.15)	
Payroll Taxes	(309,401.91)	
Accounts Payable	(662,718.17)	
Payroll	(708,099.08)	
Total Disbursements	**(1,824,623.80)**	
Ending Balance		**$5,462,406.67**
<u>CASH INVESTMENTS</u>		
LAIF Account	$8,467,135.96	
Money Market Account	5,462,406.67	
Total Cash Balance		**$13,929,542.63**
<u>SELF INSURED LIABILITY ACCOUNTS</u>		
WC / Liability Reserves	($4,584,816.31)	
Working Capital		**$9,344,726.32**

Santa Barbara Metropolitan Transit District
Cash Receipts of Accounts Receivable

Date	Company	Description	Amount
10/10/2018	Goodwin & Thyne Properties	Advertising on Buses	2,080.00
10/10/2018	Moonlight Graphics/Mktg	Advertising on Buses	7,236.00
10/15/2018	Department of Rehabilitation	Passes/Passports Sales	924.00
10/15/2018	Montecito Bank & Trust	Advertising on Buses	2,840.00
10/15/2018	S.B.C.A.G.	Amtrak Connecting Service Jul '18	16,075.94
10/18/2018	City of S.B. Waterfront Department	Waterfront Shuttle Service-Cruise Ship 9/28/18	1,812.58
10/18/2018	County of Santa Barbara	Passes/Token Sales	676.00
10/22/2018	CalPERS	OPEB Reimbursement Aug '18	4,877.77
10/22/2018	True Media LLC/Cottage Health	Advertising on Buses	936.00
10/23/2018	UCSB - Parking Services-7001	Passes/Passports Sales	6,440.00
10/23/2018	United Way, Santa Barbara County	Advertising on Buses	3,150.00
10/25/2018	City of SB - Downtown Parking	Reimburse Shuttle Day Pass costs	2,118.75
10/25/2018	City of SB - Public Works Director	Downtown Shuttle Oct '18	97,671.67
10/26/2018	Cottage Hospital	Passes/Token Sales	24,500.00
		Total Accounts Receivable Paid During Period	**$171,338.71**

Santa Barbara Metropolitan Transit District
Accounts Payable

Check #	Date	Company		Description	Amount	Voids
119302	10/12/2018	BEDROCK BUILDING SUPPLIES IN		SHOP SUPPLIES	17.40	
119303	10/12/2018	BUYNAK, FAUVER, ARCHBALD&S		LEGAL COUNSEL	212.70	
119304	10/12/2018	COX COMMUNICATIONS, CORP.		INTERNET & CABLE TV	440.11	
119305	10/12/2018	STATE OF CALIFORNIA		PAYROLL RELATED	215.00	
119306	10/12/2018	FRONTIER CALIFORNIA INC.		TELEPHONES	98.98	
119307	10/12/2018	ROBIN GONZALEZ		PR RELATED	250.00	
119308	10/12/2018	GUARDIAN-APPLETON (DENTAL I		DENTAL INSURANCE	4,235.52	
119309	10/12/2018	GUARDIAN-APPLETON (LIFE INS)		LIFE INSURANCE	1,160.96	
119310	10/12/2018	LABOR ALLIANCE MANAGED TRU		DENTAL INSURANCE	11,923.25	
119311	10/12/2018	MEDICAL EYE SERVICES, INC.		VISION INSURANCE	456.28	
119312	10/12/2018	SB COUNTY FEDERAL CREDIT UNI		PAYROLL DEDUCTION	260.00	
119313	10/12/2018	SPECIAL DISTRICT RISK MGMENT		MEDICAL HEALTH INSURANCE	50,277.84	
119314	10/12/2018	SANTA BARBARA SHERIFF'S DEPT		PAYROLL RELATED	75.00	
119315	10/12/2018	SO. CAL. EDISON CO.		UTILITIES	1,016.91	
119316	10/12/2018	STATE BOARD OF EQUALIZATION		PAYROLL RELATED	250.00	
119317	10/12/2018	TEAMSTERS MISC SECURITY TRUS		UNION MEDICAL INSURANCE	212,014.00	
119318	10/12/2018	TEAMSTERS PENSION TRUST		UNION PENSION	93,933.21	
119319	10/12/2018	TEAMSTERS UNION LOCAL NO. 18		UNION DUES	10,200.64	
119320	10/12/2018	VERIZON WIRELESS		WIRELESS PHONES & AIM CELLULAR	2,631.04	
119321	10/18/2018	ABC BUS COMPANIES INC		BUS PARTS	105.23	
119322	10/18/2018	APPLEONE EMPLOYMENT SERVIC		CONTRACT EMPLOYMENT	1,903.20	
119323	10/18/2018	ALTRO USA INC		SHOP SUPPLIES	216.29	
119324	10/18/2018	ASBURY ENVIRONMENTAL		WASTE OIL RECYCLER	35.00	
119325	10/18/2018	AXLE TECH INTERNATIONAL	D	BUS PARTS & REPAIRS	675.12	
119326	10/18/2018	JOSE BAUTISTA		AD MOUNTING/DISMOUNTING	224.00	
119327	10/18/2018	BIG BRAND TIRES, BRANDCO BILL		SERVICE VEHICLE MAINTENANCE	423.33	
119328	10/18/2018	HILLARY BLACKERBY		REIMBURSEMENT	224.00	
119329	10/18/2018	BUENA TOOL, INC.		SHOP/B&G SUPPLIES	33.11	
119330	10/18/2018	CASA SANTA BARBARA, INC.		ADVERTISING-VOICE MAGAZINE	135.00	
119331	10/18/2018	CALIFORNIA ELECTRIC SUPPLY, I		SHOP/B&G SUPPLIES	161.82	
119332	10/18/2018	CARQUEST AUTO PARTS		BUS PARTS & SUPPLIES	81.80	
119333	10/18/2018	CITY OF SANTA BARBARA		CSR PARKING PERMITS	80.00	
119334	10/18/2018	CELTIS VENTURES, INC.		MARKETING SERVICES	3,586.25	
119335	10/18/2018	CENTRAL COAST CIRCULATION, L		BUS BOOK DISTRIBUTION	575.00	
119336	10/18/2018	CINTAS CORPORATION		FIRST AID SUPPLIES	79.35	
119337	10/18/2018	CIO SOLUTIONS, LP		IT SERVICES	731.25	
119338	10/18/2018	CUMMINS PACIFIC, LLC		BUS PARTS & REPAIRS	5,068.70	
119339	10/18/2018	CA DEPT. OF TAX & FEE ADMIN.		QTRLY USER FUEL TAX	1,495.84	

Check #	Date	Company	Description	Amount	Voids
119340	10/18/2018	CA. DEPT. of TAX & FEE ADMINIST	UNDERGROUND STORAGE TANK FEE	2,967.62	
119341	10/18/2018	COUNTY OF S.B.PUBLIC WORKS D	WASTE DISPOSAL	405.70	
119342	10/18/2018	DAVID DAVIS JR.	DIRECTOR FEES/REIMBURSEMENT	404.00	
119343	10/18/2018	DESTINATION CREATIVE GROUP L	ADVERTISING-SB VISITOR MAGAZINE	450.00	
119344	10/18/2018	DIESEL FORWARD, INC.	BUS PARTS	3,008.66	
119345	10/18/2018	DRUG TESTING NETWORK, INC	DRUG TESTING	34.95	
119346	10/18/2018	EASY LIFT TRANSPORTATION, INC	MONTHLY ADA SUBSIDY	78,496.83	
119347	10/18/2018	ERGOMETRICS, INC.	DRIVER TEST SCORING	87.00	
119348	10/18/2018	JERRY ESTRADA	REIMBURSEMENT	224.00	
119349	10/18/2018	SHERRIE FISHER	RETIREE HEALTH REIMBURSEMENT	299.94	
119350	10/18/2018	FLEET SERVICES, INC.	BUS PARTS	311.03	
119351	10/18/2018	CARLOS FLORES	TOOL ALLOWANCE	1,100.00	
119352	10/18/2018	FRANK THOMPSON HOUSING CON	CALLE REAL PROPERTY	75.00	
119353	10/18/2018	FRONTIER CALIFORNIA INC.	TELEPHONES	1,168.55	
119354	10/18/2018	GIBBS INTERNATIONAL INC	BUS PARTS	2,251.28	
119355	10/18/2018	GILLIG LLC	BUS PARTS	6,063.18	
119356	10/18/2018	GOGETTERS, LLC DBA	COURIER SERVICES	150.00	
119357	10/18/2018	GOODYEAR TIRE & RUBBER CO	LEASED TIRES	561.25	
119358	10/18/2018	GOTCHA MEDIA HOLDINGS, LLC	ADVERTISING AT UCSB KIOSKS	1,200.00	
119359	10/18/2018	GRAPHICINK	PRINTING SERVICES	737.33	
119360	10/18/2018	GRAINGER, INC.	SHOP/B&G SUPPLIES	101.58	
119361	10/18/2018	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	97.01	
119362	10/18/2018	HR AUTOGLASS DBA	BUS PARTS/REPAIRS	220.00	
119363	10/18/2018	INTELLICORP RECORD INC.	PRE-EMPLOYMENT CHECK	99.17	
119364	10/18/2018	JANICARE DBA	JANITORIAL SERVICES	4,991.00	
119365	10/18/2018	LARA'S AUTO REPAIR DBA	BUS REPAIRS	144.95	
119366	10/18/2018	LENZ PEST CONTROL DBA	FUMIGATION SERVICES	40.00	
119367	10/18/2018	ROBERT H. LURIE	REIMBURSEMENT	114.45	
119368	10/18/2018	MC CORMIX CORP. (OIL)	LUBRICANTS	2,044.89	
119369	10/18/2018	MC CORMIX CORP. (GAS)	FUEL-SERVICE VEHICLES	2,717.67	
119370	10/18/2018	CHUCK MCQUARY	DIRECTOR FEES	120.00	
119371	10/18/2018	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	273.70	
119372	10/18/2018	NATIONAL INTERSTATE INS INC.	LIABILITY INSURANCE	26,703.01	
119373	10/18/2018	NEWEGG, INC	IT EQUIPMENT & SUPPLIES	672.13	
119374	10/18/2018	NEWARK ELEMENT14	BUS PARTS	85.07	
119375	10/18/2018	NU-COOL REDI GREEN, INC	COOLANTS & SHOP SUPPLIES	1,187.72	
119376	10/18/2018	NU IMAGE AD GROUP DBA	PRINTING SERVICES	343.04	
119377	10/18/2018	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	1,033.80	
119378	10/18/2018	N/S CORPORATION	BUS WASHER PARTS	197.15	
119379	10/18/2018	O'CONNOR PEST CONTROL DBA	FUMIGATION	77.00	
119380	10/18/2018	PAULA A. PEROTTE	DIRECTOR FEES	60.00	

Check #	Date	Company	Description	Amount	Voids
119381	10/18/2018	PERRY LINCOLN MERCURY MAZD	SERVICE VEHICLE PARTS / REPAIRS	898.33	
119382	10/18/2018	REPUBLIC ELEVATOR, INC	ELEVATOR MAINTENANCE	164.19	
119383	10/18/2018	RILEY'S FLOWERS DBA	SYMPATHY/GET WELL BOUQUETS	463.29	
119384	10/18/2018	OLIVIA RODRIGUEZ	DIRECTOR FEES	120.00	
119385	10/18/2018	SB CHAMBER OF COMMERCE	STATE OF THE CITY BREAKFAST	150.00	
119386	10/18/2018	SANTA BARBARA HOSE & SUPPLY,	BUS PARTS	82.75	
119387	10/18/2018	SILVAS OIL CO., INC.	LUBRICANTS	294.41	
119388	10/18/2018	SCINTECH ASSOCIATES INC.	SAMTRANS ITS EQUIPMENT INSTALL/	2,400.00	
119389	10/18/2018	SANTA BARBARA COUNTY EHS	ANNUAL HAZMAT PERMIT FEE	408.20	
119390	10/18/2018	WILLIAM JOHN SHELOR	DIRECTOR FEES	120.00	
119391	10/18/2018	SANTA BARBARA SIGNS, INC. DB	PRINTING SERVICES	734.06	
119392	10/18/2018	SM TIRE, CORP.	BUS TIRE MOUNTING	370.00	
119393	10/18/2018	SO. CAL. EDISON CO.	UTILITIES	8,108.93	
119394	10/18/2018	SOAP MAN DISTRIBUTIN DBA	CLEANING SUPPLIES	212.06	
119395	10/18/2018	SOCALGAS	UTILITIES	100.31	
119396	10/18/2018	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	105.05	
119397	10/18/2018	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	1,774.23	
119398	10/18/2018	STAPLES CREDIT PLAN	OFFICE & COMPUTER SUPPLIES	462.10	
119399	10/18/2018	TELCOM, INC.	VENTURA REPEATER SERVICES	1,372.08	
119400	10/18/2018	THE MEDCENTER	MEDICAL EXAMS	2,160.00	
119401	10/18/2018	DAVID T. TABOR	DIRECTOR FEES	120.00	
119402	10/18/2018	TANK TEAM INC.	TANK TESTS/REPAIRS	1,253.57	
119403	10/18/2018	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	47,012.79	
119404	10/18/2018	VALLEY POWER SYSTEMS, INC.	BUS PARTS	4,138.43	
119405	10/18/2018	VISIT SANTA BARBARA	MEMBERSHIP DUES	35.00	
119406	10/18/2018	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	914.65	
119407	10/18/2018	WEST MARINE PRO DBA	BUS PARTS	144.62	
119408	10/18/2018	WURTH USA WEST INC.	SHOP SUPPLIES	210.58	
119409	10/26/2018	ACTION TREE CARE DBA	B&G REPAIRS & SUPPLIES	500.00	
119410	10/26/2018	CHARGEPOINT, INC.	ELECTRIC VEHICLE CHARGING STATI	2,602.50	
119411	10/26/2018	CMS COMMUNICATIONS, INC.	REFURBISHED TELEPHONES	1,479.23	
119412	10/26/2018	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	420.43	
119413	10/26/2018	CDTFA	SALES/CONSUMER USE TAX	2,340.00	
119414	10/26/2018	FEDEX dba	FREIGHT CHARGES	99.59	
119415	10/26/2018	STATE OF CALIFORNIA	PAYROLL RELATED	215.00	
119416	10/26/2018	FRANK THOMPSON HOUSING CON	CALLE REAL PROPERTY	300.00	
119417	10/26/2018	FRONTIER CALIFORNIA INC.	TELEPHONES	813.09	
119418	10/26/2018	ROBIN GONZALEZ	PR RELATED	250.00	
119419	10/26/2018	GOODYEAR TIRE & RUBBER CO	LEASED TIRES	12,776.53	
119420	10/26/2018	MARBORG INDUSTRIES (INC)	UTILITIES & RENTAL FEES	192.05	
119421	10/26/2018	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	

Check #	Date	Company	Description	Amount	Voids
119422	10/26/2018	SANTA BARBARA SHERIFF'S DEPT	PAYROLL RELATED	75.00	
119423	10/26/2018	STATE BOARD OF EQUALIZATION	PAYROLL RELATED	250.00	
119424	10/26/2018	SB CITY OF-REFUSE/WATER	UTILITIES	706.11	
119425	10/26/2018	TK SERVICE, INC.	BUS AIR CONDITIONER REPAIRS	6,427.01	
119426	10/26/2018	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	746.52	
119427	10/26/2018	TREAS.TAX COLLECTOR,Harry E. H	PROPERTY TAXES - OVERPASS SITE	465.15	
119428	10/26/2018	U.S. BANK CORP. PAYMENT SYSTE	CREDIT CARD PURCHASES	9,829.69	
119429	10/26/2018	VENTURA COUNTY OVERHEAD D	B&G REPAIRS & SUPPLIES	150.00	
119430	10/26/2018	VERIZON WIRELESS	WIRELESS PHONES & AIM CELLULAR	667.85	
				662,718.17	
			Current Cash Report Voided Checks:	0.00	
			Prior Cash Report Voided Checks:	0.00	
			Grand Total:	**$662,718.17**	

BOARD OF DIRECTORS REPORT

MEETING DATE:	NOVEMBER 6, 2018	**AGENDA ITEM: #7**
DEPARTMENT:	FINANCE	
TYPE:	INFORMATIONAL ITEM	
PREPARED BY:	BRAD DAVIS	_________________ *Signature*
REVIEWED BY:	GENERAL MANAGER	_________________ *Signature*
SUBJECT:	SINGLE AUDIT REPORT FOR FISCAL YEAR 2017-18	

DISCUSSION:

The Single Audit Report for the fiscal year ended June 30, 2018 is attached and will be presented to the Board by Scott Davis from McGowan Guntermann. It is comprised of two documents including the Financial Statements and the Compliance Reports.

The determination of whether the financial statements of an entity accurately represent its financial position is one of the main purposes of a financial audit. The Independent Auditor's Report found that "[I]n our opinion the financial statements…present fairly, in all material respects, the financial position of the Santa Barbara Metropolitan Transit District as of June 30, 2018[.]" Additionally, there were no "findings" for fiscal year 2017-18 that would have reported any compliance issues with state and federal requirements.

The financial results are unchanged from those presented to the Board last October 9 in the Annual Financial Report. Exclusive of OPEB adjustments, there was an operating shortfall of $592,000. This is not obvious in the attached financial statements as the operating results are not broken out separately although it is reviewed in the Management Discussion and Analysis that precedes the actual financial statements.

The implementation of Government Accounting Standards Board Statement 75 regarding OPEB reporting resulted in a $103,000 increase to the District's OPEB liability due to a new measurement methodology. Also, this year's $500,000 prefunding of the District's OPEB obligations is presented separately on the Statements of Net Positions as "deferred outflows of resources." The Management Discussion and Analysis further addresses these changes.

ATTACHMENT:

- Financial Statements & Required Supplementary Information, June 30, 2018 & 2017
- Compliance Reports – June 30, 2018

SANTA BARBARA

METROPOLITAN TRANSIT DISTRICT

FINANCIAL STATEMENTS AND

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

June 30, 2018 and 2017

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McGowan Guntermann
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements as listed in the preceding table of contents of the Santa Barbara Metropolitan Transit District (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Barbara Metropolitan Transit District as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 12 and the schedule of funding progress of other post-employment healthcare plan and schedule of required contributions for defined benefit pension plan on page 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McGowan Guntermann

October 30, 2018
Santa Barbara, California

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR 2017-18

This *Management's Discussion and Analysis for Fiscal Year 2017-18* provides a narrative and analytical overview of the financial activities of the Santa Barbara Metropolitan Transit District (District). It is an important element of this audit report meant to provide greater understanding and insight into the financial statements. The District's basic financial statements are prepared using proprietary (enterprise) fund accounting. The District operates under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred.

Financial Reports

There are four basic financial statements included in this audit report for the fiscal year ended June 30, 2018. These are followed by notes to the financial statements. A separate document, which is an integral part of this financial audit, provides certain supplementary information required by state and federal laws and regulations, and the Government Accounting Standards Board (GASB). The financial statements include the following:

- The *Statements of Net Position* presents information on the District's assets, liabilities, and net position. Net position is by definition the difference between assets and liabilities.
- The *Statements of Revenue, Expenses and Changes in Net Position* reports the District's operating and capital revenue less operating expenses to determine the change in net position. It reconciles with the ending net position shown on the *Statements of Net Position*.
- The *Statement of Expenses* provides a more detailed breakdown of the operating costs included in the *Statements of Revenue, Expenses and Changes in Net Position*.
- The *Statements of Cash Flows* reports cash and cash equivalent activities resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. The net result of these activities, added to the start of the year cash balance, agrees with the year-end cash and cash equivalents balance.

Financial Summary

The net position of the District at June 30, 2018, which measures the amount that the District's assets exceeded its liabilities, was $44.1 million. This represents a 1% decrease from the net position at June 30, 2017. The District's net position change takes into account the results of both operational and capital activities for the year, as well as adjustments to the District's OPEB liability and expense. With revenue dedicated to operations of $25.5 million and total operating expenditures for the provision of public transit of $26.1 million (before depreciation expense), there was a $592,000 operating deficit in FY 17-18. Capital activities were comprised of asset acquisitions and disposals as well as the annual depreciation charges of the assets. The net change in the value of the District's capital assets during the year was a reduction of $1.1 million. This brief overview will be discussed and analyzed in the balance of this report.

Statements of Net Position

The District's financial condition as measured by its assets and liabilities was slightly diminished as assets decreased by 1.0% while liabilities increased by 0.6% relative to FY 16-17. These accounted for the 1.3% reduction in total net position. The table on the following page is a condensed version of the *Statements of Net Position* included on page 14 of this audit report.

Assets – The $53 million in total District assets at June 30, 2018, represents a 1% decrease from the prior year. Current assets, comprised mainly of cash and receivables, declined by 1% overall. However, within current assets, there was large shift from cash and investments to receivables because FTA operating assistance and TDA capital revenue had not been received by year end. The materials inventory, composed mainly of bus parts, decreased by 8% due mainly to less restocking of parts for older bus fleets nearing retirement.

Non-current assets of $1.4 million are made up of grant funds received for operating and capital activities utilizing the funds that are not yet completed. Although such cash items are typically part of current assets, GASB standards require that advance grant monies be segregated. The funds increased by 32% in FY 17-18 due to the receipt of advance Prop 1B, LCTOP, and UCSB funds for future capital projects and marketing services. The $31.4 million value of the District's capital assets was down $1.2 million from the prior year. This is reflective of $2.6 million in newly acquired fixed assets being more than offset by depreciation expense and asset disposals. The new Deferred Outflow of Resources of $565,000 line below assets is related to the prefunding of OPEB. It is discussed in a separate section on OPEB on page 10 of this audit report.

Statements of Net Position

(thousands of dollars)

Assets	2017-18	2016-17	Change
Current Assets	$19,184	$19,475	-1%
Non-Current Assets	1,420	1,073	32%
Capital Assets (net)	31,414	32,553	-3%
Deferred Outflows of Resources	565	0	n/a
Total Assets & Deferred Outflows	$52,583	$53,101	-1%
Liabilities			
Current Liabilities	$2,498	$2,423	3%
Non-Current Liabilities	5,968	5,995	0%
Total Liabilities	$8,466	$8,418	1%
Net Position			
Invested in Capital Assets	$31,414	$32,553	-3%
Restricted	1,420	1,073	32%
Unrestricted (includes deficit)	11,284	11,057	2%
Total Net Position	$44,118	$44,683	-1%
Total Liabilities & Net Position	$52,583	$53,101	-1%

Liabilities – Overall District liabilities of $8.5 million at year-end were up 1% from the prior fiscal year. Current liabilities, composed of trade, payroll and other short-term payables, increased by 3% to $2.5 million. The growth is associated with a rise in short-term workers' compensation liabilities representing the value of claims expected to paid within the next year.

Long-term liabilities of $6.0 million are nearly unchanged from FY 16-17. Underlying this stability are two offsetting material shifts. The estimated workers' compensation liability grew by 27% to $3.6 million whereas the liability for other post-employment benefits (OPEB) related to retiree health benefits was reduced 33% to $1.5 million. The large change in both items will be further discussed in the review of District expenses.

Net Position **–** The net position of the District decreased by 1% to $44.1 million during the latest fiscal year. The basis of this change is addressed below in the section on the *Statements of Revenues, Expenses, and Changes in Net Position*. The emphasis in this section is on the three categories making up net position: investment in capital assets, restricted net position, and unrestricted net position. The first category represents the funding used for the District's capital assets less accumulated depreciation expense and matches the $31.4 value of the fixed assets. As capital assets are acquired and disposed of, the funding source(s) for the assets (e.g., State Transit Assistance) is similarly adjusted. The accumulated depreciation expense that reduces the value of fixed assets represents the diminished worth due to age and use. At June 30, 2018, capital funding of $74 million was offset by $42.6 million in depreciation for the net funding of $31.4 million.

Restricted net position corresponds to the portion of District cash and investments assets that are dedicated towards specific future purposes. Specifically, the $1.4 million in restricted net position is equal to the advance grant funds received that make up the previously discussed non-current assets. As discussed above, this is made up of Prop 1B and LCTOP grants. It also includes UCSB funds from the Line 28 support that have been set aside as a sinking fund for future asset replacements or upgrades associated with the service.

The District's unrestricted net position of $11.3 million is the remainder of the net position that is not invested in fixed assets or restricted for a specific use. It is generally made up of the cash and investments in current assets. The year-end unrestricted net position is $227,000 more than the prior year which resulted mainly from the year's operating deficit being more than offset by adjustments to the District's OPEB liability. Unrestricted net position is composed of the District's original non-capital assets at formation in 1969 and the aggregate of surpluses and deficits since that time. The District Board previously adopted a Cash Reserves Policy that designated the unrestricted net position as reserve funds. These funds include a Working Capital reserve for day-to-day cash flow requirements, an Appropriated reserve for unanticipated budget needs, an Emergency reserve for extraordinary losses, and a Capital reserve for funding future capital acquisitions.

Statements of Revenues, Expenses and Changes in Net Position

The *Statements of Revenues, Expenses and Changes in Net Position* differs from the traditional operating results reported to the Board in that it also includes capital revenue, depreciation expense, and the OPEB liability adjustment. The emphasis of the statement is to show how all revenues and expenses lead to the change in net position for the year. For purposes of discussion, on the following page is a condensed and reordered version of the *Statements of Revenues, Expenses and Changes in Net Position* financial statement found on page 15 of this audit report.

As previously reported, the result of operations alone was a $592,000 deficit, which decreased the District's net position. The annual depreciation expense of fixed assets further reduced net position by $3.7 million. These reductions were compensated to a large degree by new capital revenue of $2.9 million as well as the OPEB adjustments that this year decreased the OPEB liability by $754,000 (the OPEB adjustment typically increases the liability but the recent prefunding of OPEB—discussed below—resulted in an addition to net position). Combined, these account for the $1.1 million reduction to net position leading to the FY 17-18 ending balance of $43.6 million.

Revenues – Fare revenue of $7.0 million for FY 17-18 year was 3% less than received in the prior year. This decrease resulted from the multiyear trend of falling ridership, down 2% for the year. Fare revenue was also affected by the Thomas Fire and the Montecito Debris Flow which had a material impact on ridership in December and January. Cash fares and pass sales fell 5%, although this is an improvement from the 8% and 14% decrease in the two preceding years. Contract fares from the City of Santa Barbara, UCSB, and SBCC were nearly unchanged from FY 16-17 levels. In FY 17-18, contract fares made up 45% of total fare revenue, up from 35% five years ago.

Statements of Revenues, Expenses & Change in Net Position

(thousands of dollars)

Operating & Capital Revenue	2017-18	2016-17	Change
Fare Revenue	$6,991	$7,205	-3%
TDA Sales Tax Revenue	9,120	8,750	4%
Federal Grants	5,324	5,187	3%
Measure A Sales Tax Revenue	3,053	3,665	-17%
Miscellaneous Grants	1,790	1,528	17%
Property Tax Revenue	1,287	1,164	11%
Non-Transportation Income	853	543	57%
Total Revenues	$28,418	$28,042	1%
Operating & Capital Expenses			
Route Operations	$16,692	$15,325	9%
Vehicle Maintenance	4,942	5,135	-4%
Passenger Accommodations	1,461	1,435	2%
General Overhead	3,044	2,804	9%
OPEB Liability Adjustment	(820)	204	-502%
Capital Asset Depreciation	3,665	3,268	12%
Total Expenses	$28,983	$28,171	3%
Change in Net Position	($565)	($129)	
Beginning of Year Net Position	44,683	44,812	
End of Year Net Position	$44,118	$44,683	-1%

Transportation Development Act (TDA) sales tax revenue totaled $9.1 million for the fiscal year and was made up of SB325 Local Transportation Fund (LTF) to support operations ($7.7 million) and SB620 State Transit Assistance (STA) used to fund capital purchases ($1.5 million). In spite of the slower retail sales in FY 17-18, LTF revenue did grow by over 1% from the prior year.

The majority of the federal assistance of $5.3 million was made up of FTA Section 5307 formula operating assistance ($5.2 million), up 3% from the prior year. Federal grants also included Section 5309 capital assistance ($30,000) for Transit Center renovation design work and $79,000 from FEMA as reimbursement for expenses incurred do to the region's natural disasters during the year. The locally generated Measure A sales tax revenue of $3.1 million also included both operating and capital funds. The $2.1 million dedicated to operations was up 5% over FY 16-17. The capital portion of $934,000 represented the full year's allocation of such funds and was used as the local share for a number of capital acquisitions.

Miscellaneous grant revenue of $1.8 million is largely made up of UCSB support for enhanced student oriented transit services ($1.3 million). It also included the previously discussed advance payments from Prop 1B ($233,000 for ITS projects), LCTOP ($155,000 for marketing services), and UCSB ($106,000 for Line 28 sinking fund). Property tax revenue grew by 11% to $1.3 million, indicating a continued robust real estate market.

<u>Expenses</u> – Total expenses of $29.5 million include $26.1 in operating expenditures and $3.7 million for depreciation of the District's capital assets. Excluding depreciation, operating expenses were 5% greater than those incurred in FY 16-17.

Route Operations costs grew by 9% to $16.7 million. Costs increased in part due to a 2% increase in transit service hours as well as contractual wage and fringe benefit increases for represented employees. The bulk of the growth in expenditures is due to an upsurge in workers' compensation costs. The 106% increase is mainly based on large increases in third-party estimates of future payments for both new and existing claims. The payment of claim costs for the year were actually under budget. Partially offsetting increased risk costs, public liability expenses were 20% under budget and down 31% from last year representing a $200,000 cost decrease. Such reduced costs were to a large degree the result of evidence from the video surveillance system installed on buses.

District expenses for Vehicle Maintenance of $4.9 million declined by 4% relative to the prior year. The major factor was a large reduction in the cost of bus parts, which were down 24%. This was due to several factors: above average costs and a large write-off of obsolete inventory in the previous year; more repair work being carried out by vendors (due in part to unfilled mechanic positions discussed in the Budget Analysis); and a greater portion of vehicle capital improvements which added to fixed assets rather than being expensed.

Passenger Accommodations includes several functions: planning, marketing, passenger facility support, and ITS equipment maintenance. As a whole, the $1.5 million in expenditures were up 2% from FY 16-17. The budget decision to leave the planning manager position temporarily vacant contributed to a 10% savings in planning costs. With a full year of implementing the enhanced Marketing Plan begun the prior year, such costs grew by 20% as anticipated. There was also a shift of some driver supervision resources from passenger facilities toward dispatch, safety, and training due to enhanced needs in the latter functions.

The District incurred $104,000 in unanticipated outlays for providing evacuation and transportation services during the January Montecito debris flow and the ensuing Highway 101 closure. Most of these costs were allocated to General Overhead accounting for a large portion of the 9% increase (MTD has been fully reimbursed for these expenses, which are included as grant revenue). There was a notable rise in operating facility costs as well mainly due to aging facilities and equipment at Olive Terminal, now nearing 20 years since the site rebuild and expansion (the upcoming development of a District-wide facilities capital plan is intended to address this matter).

Budget Analysis

Operating results in the aggregate were nearly in line with the budget as both revenue and expenditures exceeded the budget by 1%. While a $438,000 deficit was projected, the end result was a funding shortfall of $592,000. A discussion of material variations from the budget follows.

FY 17-18 Operating Budget Variance
(thousands of dollars)

Revenues	Actual	Budget	Change
Fare Revenue	$6,991	$7,145	-2%
LTF Sales Tax Revenue	7,664	7,771	-1%
Federal Operating Assistance	5,215	5,082	3%
Measure A Sales Tax Revenue	2,119	2,014	5%
Property Tax Revenue	1,287	1,213	6%
Miscellaneous Grants	1,261	1,260	0%
Non-Transportation Income	1,008	836	21%
Total Revenues	$25,545	$25,322	1%
Expenses			
Route Operations	$16,692	$16,184	3%
Vehicle Maintenance	4,942	5,184	-5%
Passenger Accommodations	1,461	1,464	0%
General Overhead	3,043	2,928	4%
Total Expenses	$26,138	$25,760	1%
Operating Surplus	($592)	($438)	

Operating Revenue Budget – Fare revenue came in under budget 2% due to less cash fares and pass sales than projected. As discussed above, reduced ridership in large part due to the natural disasters is the primary cause without which fares would likely have been on budget. LTF sales tax revenue was similarly short of expectations from the effect of the disasters on the local economy during the holiday season. Federal operating assistance exceeded projections by 3% as the result of the 2018 federal budget including more transit funding than authorized under the FAST Act, the current five-year transit funding bill. The locally generated Measure A sales tax revenue exceeded the budget by 5%. Because of a surplus prior to the mid-year economic downturn, revenue was allocated per the original Measure A budget. As previously discussed, property tax revenue exceeded expectations due to continued strong real estate market. UCSB operating support of several routes, making up most of miscellaneous grants, was as predicted.

Operating Expense Budget – Total operating expenses of $26.1 million outpaced the budget by 1%. Given the sharp rise in workers' compensation costs, Route Operations expenditures were over budget by 3%. Limiting the impact somewhat was a reduced service level during and following the Montecito Debris Flow which lowered driver wage and benefit costs. Nonetheless, driver overtime was 20% over budget due to the continuing difficulty in filling all driver positions. Vehicle Maintenance costs were under budget by 5%. As in the recent years, the principal reason is unfilled mechanic positions. While 13 mechanic positions were budgeted, the actual level was below this most of the year and as low as nine at one point. This challenge is not limited to the District as finding skilled diesel mechanics is a nationwide occurrence. The high cost of living in the Santa Barbara area only adds to the difficulty. The other factor in Vehicle Maintenance coming in under budget is the reduced expense for bus parts described previously.

Overall Passenger Accommodations costs in FY 17-18 were on budget at $1.4 million. Transit Center (TC) Passenger Facilities supervisory and customer service labor costs exceeded estimates due to increased overtime resulting from employee shortages during the 101 closure. TC repair and maintenance needs also increased due to facility age—which the upcoming TC renovation is expected to alleviate. Offsetting these, Marketing & Community Relations outlays, while up 20% from last year, were short of the aggressive budget as not all planned activities got underway. Both Transit Development and Fare Revenue Collection expenses were slightly under budget.

Expenditures for General Overhead were 4% over budget. The majority of the deviation is from the previously mentioned disaster-related costs. Similarly, operating facility costs were over budget by 7% for the same reasons such expenses grew relative to last year: an upward trending need for facilities and equipment maintenance and repairs due to aging assets. Excluding these causes, the General Overhead expenditure of $3 million were on budget.

Capital Assets

Capital asset expenditures for the year totaled $2.6 million. Revenue vehicle outlays included the replacement of hybrid bus fleet battery packs that were at the end of their useful lives. Revenue vehicle acquisitions were also composed of the purchase and improvements to the 2003 Gillig buses obtained from San Mateo Transit. This allowed for retirement of most of the remaining 1998 Nova fleet. Real-time bus information and automated bus stop announcements were initiated early in the year, the final phase of the AVL project. The year also included replacements of IT equipment including servers and the backup system. Operating facility capital costs covered completion of the Terminal One canopy renovation and the charging infrastructure for the BYD fleet. Most passenger facilities asset costs were for the TC renovation while land development capital costs were for the potential residential development of the District's Calle Real property.

Capital Acquisitions
(thousands of dollars)

Asset Category	2017-18	2016-17
Revenue Vehicles	$1,136	$1,692
Intelligent Transportation Systems	641	2,234
IT & Other Equipment	293	150
Operating Facilities	271	949
Passenger Facilities	170	259
Land Development	92	146
Total Capital Acquisitions	$2,603	$5,430

Other Post-Employment Benefits (OPEB)

In FY 16-17, the District began prefunding its OPEB liability for retiree health benefits with the establishment of a $1 million irrevocable trust dedicated to future benefit payments. The Board authorized an additional $500,000 of prefunding in FY 17-18. The District's estimated total future OPEB obligation at the end of FY 17-18—excluding any prefunding—was $2.9 million. Total prefunding at the time, including investment earnings, was $1.6 million. Thus, at year-end, the District's OPEB obligation was 54% funded. Additional OPEB prefunding is considered following each biennial actuarial valuation.

In FY 18-19, the District will begin drawing funds from the OPEB trust to cover the cost of current year retiree health benefit payouts. This will result in a full offset of the annual expense, about $70,000, helping to reduce the projected operating deficit.

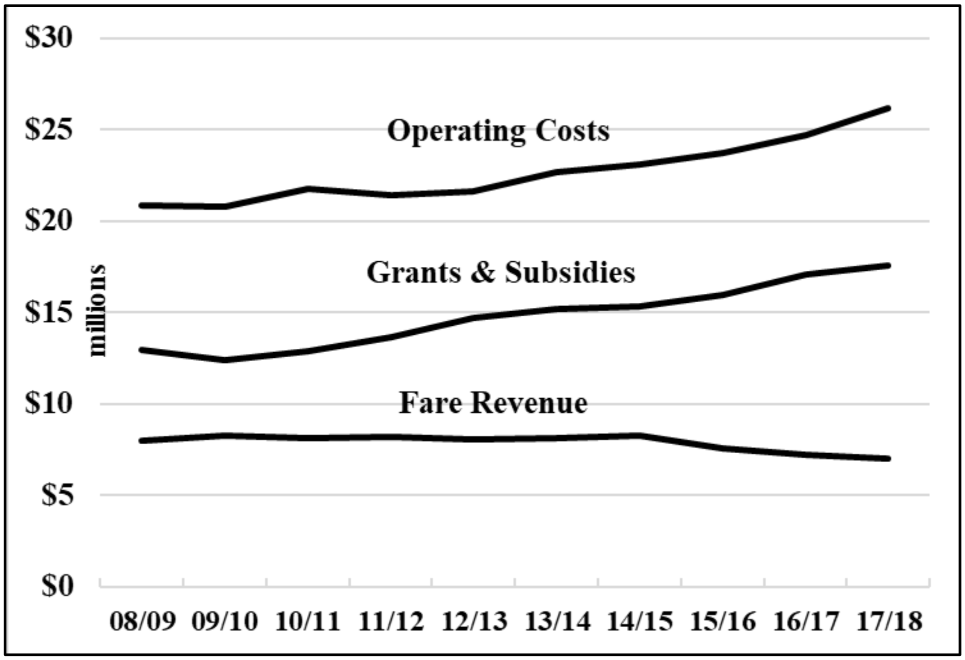
In FY 17-18, GASB 75 replaced GASB 45 as the reporting standard for OPEB liabilities and costs. One effect of the change is that the amount of the OPEB liability at year-end FY 16-17 must be adjusted upwards by $103,000. This results in a reduction of the District's net position, which is reflected as a "below the line" adjustment at the bottom of the Statements of Revenues, Expenses, and Changes in Net Position shown on page 15 of this audit report.

Another consequence of GASB 75 is the accounting for District's OPEB contributions made during the fiscal year. These include the OPEB prefunding ($500,000) and the retiree health benefit reimbursements paid out ($65,000). Because the measurement date for the OPEB actuarial valuation occurs on the first day of the fiscal year (i.e., July 1, 2017), GASB 75 requires that any contributions made after this date be reported as Deferred Outflows of Resources and shown separately on the Statement of Net Position below assets (page 14). This results in an equal increase of $565,000 in the District's net position. In FY 18-19, when the actuarial measurement date will be after the FY 17-18 contributions, the District will in a sense get credit for these contributions and the deferred outflows and net position will be reduced by $565,000. These entries are solely to reflect GASB 75 requirements and do not affect the financial well-being of the District.

Financial Outlook

Fiscal year 2017-18 required the use of $592,000 in reserves to balance the operating budget, the first deficit experienced by the District since 2004. The funding shortfall had been predicted in previous financial forecasts and was incorporated in the budget. FY 18-19 is also projected to need reserves to balance the budget. Although these deficits are limited to 2% of the budget, they are indicative of a trend discussed in recent years: the steady growth in operating costs each year from wage and price increases while fare revenue has remained relatively level (the last fare increase was in 2009). The situation has been exacerbated by three years of falling ridership which have reduced District fare revenue by $1 million since its peak in FY 14-15 (see chart on next page).

Growth in revenue from grants and other subsidies has slowed the divergence between income and expenses. Nonetheless, operating deficits are currently projected to increase in future years under the status quo. The main tools available to the District to close the funding gap are reductions in the service level and increases in transit fares. There are several new potential funding sources that



could assist in reversing this trend. Should the additional revenue be limited or not come to fruition, staff will be preparing a fare increase and/or service reduction recommendation for consideration by the Board. These new sources and other factors that could have a material effect on the District's financial condition are discussed below.

Fare Revenue – The ridership-induced reduction in fare revenue is projected to flatten out in FY 18-19 based on a significant slowing of the trend over the last two years. However, it is difficult to predict the future extent of (and reasons for) ridership changes just as it was with the initial decline three years ago. The suspected leading causes are increased vehicle ownership by lower-income households and the steep drop in fuel prices at the time. If true, the steady rise in gas prices since 2016—that has accelerated in 2018—along with rising interests rates that increase the cost of vehicle ownership may be harbingers of a ridership turnaround. Regardless of the cause, the District is continuing efforts to attract new and former passengers through service improvements, easily accessible route and bus arrival information, improved vehicle condition and cleanliness, adding air conditioning to buses, as well as increased marketing and promotional activities.

SB1 – Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, increased state fuel taxes and vehicle fees to be used in part to improve public transit and transportation facilities. However, SB1 funding is at risk as a referendum to repeal it is included on this November's ballot. Passage of the repeal measure, Proposition 6, would go into effect immediately although revenue collected up to that time would still be dispensed. Under SB1, the District receives the new subsidies mainly through the State Transit Assistance (STA) fund and the new State of Good Repair (SGR) program. SB1 funds will first be included in the District's STA allocation in FY 18-19 adding approximately $800,000. As this represents a partial year of the new tax, the annualized incremental increase to STA revenue is estimated at $1.3 million. While serving as one of the District's key capital funding sources, STA is eligible to be used for operating purposes. The

District is also scheduled to receive $1 million in SGR funds over the next three years to assist with bus replacements. The funding was the result of a competitive process carried out by SBCAG to allocate SGR funds estimated to be available over the next four years.

Federal Funding – The five-year Fixing America's Surface Transportation Act (FAST Act) is effective through FY 19-20. The FAST Act provides the District Section 5307 formula funding which has grown 1% to 2% the first three years. A portion of the funds are set aside for transit agencies, including the District, that meet specific performance criteria under the Small Transit-Intensive Cities (STIC) program. STIC funding is scheduled to grow substantially in FY 18-19 under the FAST Act which would increase the District's overall FTA 5307 funds by about 10% or nearly $500,000. The higher STIC level is included in the last year of the bill as well. FAST Act funding is subject to the annual appropriations process and the approved levels could vary considerably. Looking further ahead, due to population growth in the South Coast, the 2020 census will likely result in the District shifting from a Small Urbanized Area to a Large Urbanized Area as defined by the FTA. Based on the current funding allocation process, this could result in up to a 25% reduction in federal operating assistance. This is a $1.3 million loss based on the FY 17-18 funding level. Any such change would likely not take effect until FY 21-22.

Collective Bargaining Agreement – The current collective bargaining agreement with the Teamsters expires in June, 2019. The agreement covers the three-year period from FY 16-17 through FY 18-19. It includes annual wage increases ranging between 2% and 2.5% and health benefit growth of up to 6.3% each year (wages and benefits account for 72% of the District's total operating costs). Negotiations for the new contract are expected to begin in early calendar 2019.

STA Funding Balance – STA funds allocated to the District each year are held by the Santa Barbara County Auditor-Controller until the funding is required for capital projects. As such, the unspent balance is not included in the District's financial statements. As of June 30, 2018, accumulated STA funds totaled $9.1 million. Measure A capital funds are handled in a similar fashion, although they are typically expended in the year of allocation with no balance held by the County. Such is the case at the end of FY 17-18.

CARB ICT – Currently under consideration by the California Air Resources Board (CARB) is an Innovative Clean Transit (ICT) regulation that would require complete transition to a zero emission bus (ZEB) fleet by 2040. The present draft requires a ZEB Rollout Plan by 2020 that demonstrates how the agency would plan for ZEB purchases, infrastructure buildout, and associated financial planning and workforce training. CARB would require that starting in 2023, 25% of annual bus purchases include ZEBs, increasing to 50% in 2026 and 100% in 2029. At present, ZEBs are significantly more expensive than diesel buses and require charging infrastructure, although there are incentives and rebates, such as California's HVIP program, that can reduce prices. The cost difference is also expected to narrow as the manufacturing capacity of ZEBs increases.

Facilities Master Plan – The District's operating and maintenance facility in downtown Santa Barbara is at capacity affecting efficiency, inhibiting expansion, and limiting electric vehicle infrastructure. Similarly, the Transit Center, the District's main passenger hub, is insufficient for the volume of buses and passengers traffic it manages. To assess these conditions, develop recommendations, and estimate funding requirements, a facilities master plan is being prepared.

BYD EV Acquisition – The contract for 14 thirty-foot BYD electric buses, scheduled for completion in FY 17-18, has been delayed and remains in progress. Six of ZEBs are being obtained under a capital lease due to previous uncertainty regarding the need for all 14 vehicles. Annual lease payments of $343,000 for the six buses would be capitalized and not affect operating costs. There is an option to buy the buses before the end of the lease period.

Calle Real Development – Progress continued on the potential development of the District's 19 acres of real property bordering Calle Real between San Antonio Road and Turnpike Road. During FY 17-18, the District's permitting and project management consultants prepared several preliminary technical reports and assisted in preparing and releasing a request for qualifications and proposals for selecting a team for the potential residential development of the property.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENT OF NET POSITION
June 30, 2018
With Comparative Totals as of June 30, 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash and investments	$ 10,593,085	$ 13,506,281
Grants receivable	6,783,224	4,385,917
Other receivable	414,369	182,933
Materials and supplies inventories	1,085,763	1,185,017
Other current assets	307,364	214,706
Total Current Assets	19,183,805	19,474,854
NON-CURRENT ASSETS		
Cash restricted for capital support	1,419,918	1,072,509
Capital assets:		
Tangible transit operating property	73,906,721	72,003,279
Less: Accumulated depreciation	(42,492,600)	(39,449,828)
Capital Assets, net	31,414,121	32,553,451
Total Non-Current Assets	32,834,039	33,625,960
Total Assets	52,017,844	53,100,814
DEFERRED OUTFLOWS OF RESOURCES		
Related to other post-employment benefits	565,645	-
ASSETS AND DEFERRED OUTLOWS OF RESOURCES	$ 52,583,489	$ 53,100,814

LIABILITIES AND NET POSITION

	2018	2017
CURRENT LIABILITIES		
Accounts payable	$ 420,595	$ 396,492
Accrued payroll including compensated absences	982,669	976,924
Accrued expenses	1,094,306	1,050,165
Total Current Liabilities	2,497,570	2,423,581
NON-CURRENT LIABILITIES		
Compensated absences payable	760,404	784,496
Accrued damage, injury, and employee claims	3,675,465	2,924,149
Accrued OPEB obligation	1,532,148	2,286,000
Total Non-Current Liabilities	5,968,017	5,994,645
Total Liabilities	8,465,587	8,418,226
NET POSITION		
Net investment in capital assets	31,414,121	32,553,451
Restricted	1,419,918	1,072,509
Unrestricted	11,283,863	11,056,628
TOTAL NET POSITION	44,117,902	44,682,588
TOTAL LIABILITIES AND NET POSITION	$ 52,583,489	$ 53,100,814

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

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	2018	2017
OPERATING REVENUE, NOT INCLUDING LOCAL AND FEDERAL ASSISTANCE		
Passenger fares	$ 6,990,786	$ 7,205,296
OPERATING EXPENSES		
Route operations	16,692,160	15,325,341
Vehicle maintenance	4,941,543	5,135,127
Passenger accomodations	1,460,877	1,434,538
General overhead	2,977,516	2,744,569
Postemployment health care benefits	(856,778)	263,133
Total before Depreciation	25,215,318	24,902,708
Depreciation	3,664,721	3,268,571
Total Expenses	28,880,039	28,171,279
OPERATING LOSS	(21,889,253)	(20,965,983)
NON-OPERATING REVENUE		
Non-transportation revenue, including interest, advertising, rent and miscellaneous	930,757	727,635
Taxes levied by Santa Barbara County for Transit District	1,287,046	1,163,728
Transportation Development Act funding and allocations	9,120,243	8,749,611
Federal grants	5,324,242	5,186,651
Proposition 1B grants	233,321	330,223
Measure A grants	3,052,897	3,665,155
Miscellaneous grants	1,557,040	1,197,693
Loss on disposal of assets	(78,053)	(184,593)
Total Non-Operating Revenue	21,427,493	20,836,103
CHANGE IN NET POSITION	(461,760)	(129,880)
BEGINNING OF YEAR NET POSITION	44,682,588	44,812,468
GASB 75 adjustment - Note 14	(102,926)	-
END OF YEAR NET POSITION	$ 44,117,902	$ 44,682,588

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

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENT OF EXPENSES
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	2018	2017
LABOR		
Operators' wages	$ 7,511,466	$ 7,280,899
Other salaries and wages	4,308,873	4,158,252
Total Labor	11,820,339	11,439,151
FRINGE BENEFITS		
Payroll taxes	1,061,144	1,016,530
Retirement plans	1,390,693	1,341,470
Health and welfare	2,019,713	3,001,814
Workers compensation	1,698,059	858,252
Sick pay	198,735	245,428
Holiday pay	402,032	386,250
Vacation pay	786,522	769,571
Other paid absences	199,206	109,381
Uniforms and tool allowances	105,133	68,772
Total Fringe Benefits	7,861,237	7,797,468
SERVICES		
Professional and technical including directors' fees	423,242	589,753
Outside services	137,513	97,914
Contract maintenance services	400,220	372,455
Promotion and printing	218,745	186,964
	1,179,720	1,247,086
MATERIALS AND SUPPLIES		
Fuels and lubricants	1,522,639	1,530,123
Tires and tubes	165,888	162,044
Bus parts	565,771	782,915
Other materials and supplies	247,113	185,139
Electric bus power	91,983	64,656
Total Material and Supplies	2,593,394	2,724,877
UTILITIES AND TELEPHONE	244,051	211,382
CASUALTY AND LIABILITY COSTS	347,591	349,552
PURCHASED TRANSPORTATION	869,058	951,100
MISCELLANEOUS EXPENSES		
Dues and subscriptions	52,785	52,997
Travel, meetings and training	14,634	31,209
Purchased media	11,504	2,500
Other miscellaneous expenses	221,005	95,386
Total Miscellaneous Expenses	299,928	182,092
Total Expenses before Depreciation	25,215,318	24,902,708
DEPRECIATION	3,664,721	3,268,571
TOTAL EXPENSES	$ 28,880,039	$ 28,171,279

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

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	2018	2017
CASH FLOWS FROM OPERATIONS		
Receipts from transit customers	6,961,455	7,202,464
Payments to suppliers and vendors	(4,840,755)	(7,060,981)
Payments to employees/benefits	(21,121,424)	(20,000,066)
NET CASH USED BY OPERATING ACTIVITIES	(19,000,724)	(19,858,583)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	13,299,549	13,727,179
Non-transportation revenue, including advertising, rental and miscellaneous	921,001	600,793
Taxes levied by Santa Barbara County	1,287,046	1,163,728
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	15,507,596	15,491,700
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property and equipment	(2,603,444)	(5,430,467)
State of California Prop 1B grant advance	233,321	330,223
State of California LCTOP grant advance	154,541	-
UCSB grant advance	106,481	101,334
Federal, state and local capital grants received	2,947,968	2,487,034
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	838,867	(2,511,876)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	88,474	26,568
NET CASH PROVIDED BY INVESTING ACTIVITIES	88,474	26,568
NET INCREASE IN CASH AND EQUIVALENTS	(2,565,787)	(6,852,191)
CASH AND EQUIVALENTS BEGINNING OF YEAR	14,578,790	21,430,981
END OF YEAR	$ 12,013,003	$ 14,578,790
Cash and equivalents	$ 10,593,085	$ 13,506,281
Cash restricted for capital support	1,419,918	1,072,509
TOTAL CASH AND EQUIVALENTS	$ 12,013,003	$ 14,578,790

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

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	2018	2017
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (21,889,253)	$ (20,965,983)
Charges to cost of service not requiring current expenditure of cash:		
Depreciation	3,664,721	3,268,571
Loss on disposal of assets	78,053	184,593
Changes in:		
Other receivable - excluding grants	(231,436)	(3,216)
Materials and supplies inventories	99,254	88,858
Other current assets	(92,658)	66,635
Accounts payable and accrued expenses net of capital acquisitions	65,794	(1,428,521)
Compensated absences payable	(24,092)	(22,193)
Accrued damage, injury, and employee claims	751,316	(251,327)
Other post-retirement benefit liabilities and related deferrals	(1,422,423)	(796,000)
NET CASH USED BY OPERATING ACTIVITIES	$ (19,000,724)	$ (19,858,583)

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

Note 1 – REPORTING ENTITY

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

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

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District, the reporting entity. The District accounts for its operations as an enterprise fund. Operating revenues and expenses result from providing transportation services. All other revenues and expenses are reported as nonoperating revenues and expenses. The accounting records of the District are subject to the uniform accounting system for transit districts as set forth by the Federal Transit Administration (FTA) and the California State Controller's Office. The District has evaluated subsequent events through October 30, 2018, which is the date the financial statements were available to be issued.

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

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

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

Note 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The District receives capital grants from certain governmental agencies to be used for various purposes connected with the planning, modernization, and expansion of transportation facilities and equipment. The amounts recorded as capital grant revenue and advances in fiscal 2018 and 2017 were $2,603,444 and $5,430,467, respectively.

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

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in structured notes and asset-back securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, are recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1: Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date

Level 2: Inputs, other than quoted prices included in Level 1, which are observable for the asset or liability through corroboration with market data at the measurement date

Level 3: Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date

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

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

Note 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The District accrues for vested vacation pay when it is earned by employees. The amount of vested vacation pay accrued as of June 30, 2018 and 2017 was $846,938 and $874,313, respectively.

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

Certain reclassifications have been made to the prior year's financial statements to conform to the 2018 presentation.

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Implementation of Governmental Accounting Standards Board Statements

During fiscal year ended June 30, 2018, the District implemented the following new GASB Pronouncements:

GASB Statement No.75 – In June 2015, GASB issued Statement No. 75, Accounting *and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement applies to government employers who provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement basically parallels GASB Statement 68 and replaces GASB Statement 45.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's agent multiple employer defined benefit OPEB plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time purchase of one year or less, which are reported at cost.

GASB Statement No. 82 – In December 2015, GASB issued Statement No. 82, Pension *Issues – An Amendment of GASB Statement Nos. 67, 68 and 73*. This statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contributions are assessed and classified in the same manner as the employer classifies similar compensation other than pensions) for example, as salaries and wages or as fringe benefits).

Upcoming Government Accounting Standards Implementation:

- Statement No. 84 "Fiduciary Activities" The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this statement are effective for reporting periods beginning after December 15, 2018.

- Statement No. 87 "Leases" The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The provisions of this statement are effective for reporting periods beginning after December 15, 2019.

Note 3 – CASH AND INVESTMENTS

Cash and investments are reported in the accompanying statements of net position as follows:

	2018,	2017
Cash and cash equivalents	$10,593,085	$13,506,281
Cash and cash equivalents restricted for capital support	1,419,918	1,072,509
Total cash and investments	$12,013,003	$14,578,970

Cash, cash equivalents, and investments consisted as follows on June 30, 2018 and 2017:

	Measure-ment Input	Fair Value 2018	2017
Cash and cash equivalents			
Demand deposits	N/A	5,545,867	$11,410,057
Local Agency Investment Fund (LAIF)	N/A	6,647,136	3,379,585
Total cash, cash equivalents, and investments		$12,013,003	$14,789,642

The District does not have a formal investment policy that limits its ability to invest its funds.

Demand Deposits

As of June 30, 2018, the carrying amount of demand deposits was $5,545,867 and the bank balance was $11,973,138 compared to $11,410,057 and $14,539,829 at June 30, 2017, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in the District's name as discussed under Custodial Credit Risk. Certain cash accounts are pooled and swept nightly to a concentration account.

Local Agency Investment Funds

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

The investments include the following:

- Structured Notes – Debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises.

Note 3 – CASH AND INVESTMENTS – continued

- Asset-Backed Securities – Entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's), small business loans or credit card receivables.

LAIF is overseen by the Local Investment Advisory Board, which consists of five members, in accordance with State statute.

The District had $6,467,136 and $3,379,585 invested in LAIF, at June 30, 2018 and 2017, respectively. They were invested in the pooled investment funds in structured notes and asset-backed securities at 2.67% and 2.89% at June 30, 2018 and 2017, respectively. The LAIF fair value factor of .998126869 and .998940671 at June 30, 2018 and 2017 was used to calculate the fair value of the investments in LAIF. The financial statements for LAIF are available at http://www.treasurer.ca.gov/pmia-laif/laif.asp

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the District's exposure to custodial credit risk for deposits, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law.

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. All of the District's funds are held in two financial institutions, Union Bank (Bank) and the State of California's Local Agency Investment Fund (LAIF). All of these funds are insured or collateralized. The Bank funds are collateralized by the Bank's trust department but not in the District's name.

Restricted Uses of Cash

As of June 30, 2018, the District had $858,042 of Prop 1B-PTMISEA cash restricted for use in Transit Center projects and $233,325 of Prop1B-TSC cash restricted for use in ITS projects. LCTOP cash restricted for marketing expenses was $120,735. The District also had $207,815 of UCSB cash restricted for future capital asset replacements or upgrades associated with Line 28 service.

Note 4 – RECEIVABLES

Grants receivable at June 30, 2018 and 2017, are summarized as follows:

	2018	2017
Federal Transit Administration	$ 5,215,206	$ 2,266,318
State Transit Assistance Fund (SB 620)	1,455,881	1,193,622
Other grants	112,137	925,977
	$ 6,783,224	$ 4,385,917
Other receivables are as follows		
Trade receivables	$414,369	$182,933

Note 5 – CAPITAL ASSETS

Changes in transit operating property during the years ended June 30, 2018 and 2017 are as follows:

	Beginning of Year	Additions	Reclassification	Disposals	End of Year
June 30, 2018					
Capital assets not depreciated					
Land	$ 5,596,296	$ -	$ -	$ -	$ 5,596,296
Work in process	5,362,858	784,066	(4,828,204)	(2,915)	1,315,805
Capital assets depreciated					
Buildings	13,119,407	261,508	1,190,276	(1,885)	14,511,788
Buses	42,804,254	1,169,171	3,593,610	(652,960)	46,911,549
Other equipment	5,120,462	391,410	44,318	(44,955)	5,571,279
	$ 72,003,277	$ 2,606,155	$ -	$ (702,715)	$ 73,906,717
June 30, 2017					
Capital assets not depreciated					
Land	$ 5,596,296	$ -	$ -	$ -	$ 5,596,296
Work in process	3,789,598	1,913,154	(117,562)	(222,332)	5,362,858
Capital assets depreciated					
Buildings	12,973,238	90,324	57,518	(1,673)	13,119,407
Buses	42,707,117	2,993,677	60,044	(2,956,584)	42,804,254
Other equipment	4,654,061	533,312	-	(66,911	5,120,462
	$ 69,720,310	$ 5,530,467	$ -	$ (3,247,500)	$ 72,003,277

Note 6 – NET POSITION

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

Restricted net position represents the advancement of grant funding for capital and operating use. Grant sources are State of California, Prop 1B, LCTOP and UCSB (see note 3).

Capital Contributions

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

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

	2018	2017
Federal grants	$ 31,413	$ 120,804
State grants (Prop 1B)	113,232	2,582,156
Local assistance – sales tax	2,389,711	2,717,789
Miscellaneous grants	69,088	9,717
Net grants received	$ 2,603,444	$5,430,467

Note 7 – TRANSPORTATION DEVELOPMENT ACT FUNDING AND ALLOCATIONS

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

	2018	2017
Funding		
Local Transportation Fund (SB 325)	$7,664,362	$7,555,989
State Transit Assistance Fund (SB 620)	1,455,881	1,193,622
	$ 9,120,243	$8,749,611
Usage		
Operations	$7,664,362	$7,555,989
Capital projects	1,455,881	1,193,622
	$ 9,120,243	$8,749,611

Note 8 – FEDERAL GRANTS AND REIMBURSEMENTS

Federal grants and reimbursements for the year ended June 30:

	2018	2017
FTA		
Operating grants	$ 5,292,829	$5,065,847
Capital grants	31,413	120,804
Total	$ 5,324,242	$5,186,651

Note 9 – CHANGE IN COMPENSATED ABSENCES

Employees annually accrue compensated absence time, consisting of vacation and sick time dependent on job classification and tenure ranging from 80 hours to 320 hours per year. Accrued compensated absences for vacation in fiscal years ending June 30, 2018 and 2017, were $846,938 and $874,313 respectively. The current portion is expected to be used within one year. Accrued sick pay vested in fiscal years ending June 30, 2018 and 2017 were $422,815and $446,860 respectively.

Note 9 – CHANGE IN COMPENSATED ABSENCES (continued)

The changes in accrued vacation pay were as follows:

	2018	2017
Beginning balance	$ 874,313	$ 838,772
Additions	687,981	708,045
Payments	(715,356)	(672,504)
Ending balance	846,938	874,313
Current portion	429,906	458,141
Noncurrent portion	$ 417,032	$ 416,172

Accrued sick pay is summarized as follows:

	2018	2017
Total accrued sick pay	$ 1,458,166	$1,411,865
Amount of sick pay not vested, in accordance with the union agreement and District policy	(1,035,351)	(965,005)
Total accrued sick pay vested and included in accrued payroll	$ 422,815	$ 446,860

Note 10 – RETIREMENT PLANS

Two employee groups are covered, with expenses as follows:

Employee Group	Plan names	2018	2017
1. Union	Teamsters Union	1,150,642	$1,105,477
2. Non-Union	Profit-Sharing and Salary Deferral Plan	240,051	235,994
		$ 1,390,694	$1,341,471

TEAMSTERS PENSION PLAN

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

	2018	2017
Total union labor	$11,842,263	$11,456,849
Required work hour contribution (up to 173.33 hours per month)	$3.38	$3.33
Total pension hours	343,093	331,529
Accrued pension	$ 92,200	$94,263

TEAMSTERS PENSION PLAN (continued)

Western Conference of Teamsters Pension Trust administers the cost-sharing pension plan for those District employees covered by the collective bargaining agreement. As noted above, this is a defined benefit plan in which pension benefits are based on a set formula so that an employee's future benefit can be determined by the formula. Pension benefits in general are paid as monthly benefits over a participant's lifetime. The Western Conference Teamsters Pension Trust (Plan) has the authority to establish and/or amend the plan and its benefits. Based on the most recent actuarial certification the Plan is in the "green zone" for 2018, meaning the Plan is in good financial position. Additional information such as the Plan's financial reports can be found at www.wctpension.org/site-index. In the event an employer withdraws from the pension plan, the employer's withdrawal liability is based on the employer's share of the unfunded vested benefits of the multiemployer pension plan.

The period of coverage for the existing collective bargaining agreement between the District and Teamsters Union-Local 186 is July 1, 2016 through June 30, 2019. In 2018 there were 169 employees covered under the Plan. The collective bargaining agreement is the basis for determining the District's employer's required contribution as well as any changes/amendments. In 2018, the employer's required contribution was approximately $1.2 million. Based on the agreement, there are no minimum contributions required for future periods. For fiscal year 2018 the pension payable was $92,200 since the payment for June 2018 occurred after the fiscal year end.

Note 10 – RETIREMENT PLANS (continued)

PROFIT-SHARING AND SALARY DEFERRAL PLAN

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

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

The District's contributions for fiscal year 2018 were based upon a payroll of $2,400,513 for non-union employees. The District contributed $240,051 (10% of covered payroll) and covered employees contributed $251,455.

The District's contributions for fiscal year 2017 were based upon a payroll of $2,359,941 for non-union employees. The District contributed $235,994 (10% of covered payroll) and covered employees contributed $246,874.

Note 11 – RISK MANAGEMENT

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

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

April 1, 2002 to March 31, 2019	$250,000
April 1, 2001 to March 31, 2002	$100,000
April 1, 1995 to March 31, 2001	$250,000

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

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

Note 11 – RISK MANAGEMENT (continued)

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

	2018	2017
Claims liability – beginning of year	$ 3,730,298	$ 3,987,142
Claims and changes in estimates	1,278,410	488,929
Actual claim payments	(420,459)	(745,773)
Claims liability – end of year	$ 4,588,249	$ 3,730,298

Note 12 – COMMITMENTS

Paratransit Service – Easy Lift

For fiscal year 2018, the District has agreed to provide Easy Lift a subsidy of $869,058 for the paratransit services. The amount can be adjusted by mutual consent if the District requests an adjustment in the amount of paratransit service to be provided. If for any reason, Easy Lift failed to provide the required ADA paratransit service, the District would continue to be responsible for the service under Federal law. The District would be required to implement a replacement service on very short notice, at a cost that would likely exceed the current subsidy.

The District is required under Federal law, the Americans with Disabilities Act of 1990 (ADA), to ensure that complementary paratransit service is available wherever and whenever the District provides fixed-route bus service. The District complies with this requirement by partially subsidizing the paratransit service provided by Easy Lift Transportation. The District signed a contract with Easy Lift in April 2016, which was amended in June 2018, for these services. The District, by written notice may terminate this contract, in whole or in part, when it is in its best interest.

Bus Tire Lease

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

Note 12 – COMMITMENTS – continued

For fiscal year end June 30, 2018, the rates paid by the District for contractual amounts are as follows:

Gilligs	$.046601
BYD	$.060786
Gilligs	$.060786
Novas	$.063826
Novas – Articulated	$.083076

Note 13 – CONTINGENCIES

Federal Grant Contracts

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

Note 14 - NEW ACCOUNTING PRONOUNCEMENTS

As part of implementing the requirement of GASB Statement 75, the District adjusted its beginning net position as of July 1, 2017.

The impact of implementation on the beginning net position is summarized as follows:

Net position at July 1, 2017, as previously stated	$ 44,682,588
Implementation of GASB Statement No. 75, net OPEB liability as of measurement date of July 1, 2017	(102,926)
Net Position at July 1, 2017, as restated	$ 44,579,662

In accordance with GASB Statement No. 75, the statement of all deferred outflows and inflows was not practical, and therefore not included in the restatement of the beginning balance.

Note 15 – DEFINED BENEFIT POST-EMPLOYMENT HEALTH BENEFIT PLAN

Plan Description

The District provides “other” post-employment health benefits (OPEB) in the form of monthly reimbursement towards the retiree's health plan premium for eligible union retirees, and eligible staff retirees and their spouses of amounts not to exceed $285 per month. The authorities under which benefit provisions are established or may be amended are the collective bargaining agreement for union employees and the District Board of Directors for non-union employees. Employees hired under the CBA after March 1, 2014 are excluded from the plan. A policy change will go into effect in fiscal year 2019 resulting in the establishment of a sunset date for OPEB benefits for non-union employees. All non-union employees hired on or after July 1, 2018 will be excluded from the plan.

Employees Covered

As of the July 1, 2017, which is the most recent actuarial valuation, the following current and former employees were covered by the benefit terms under the District’s Plan:

Active employees	173
Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to, but not yet receiving benefits	-
Total	199

Funding Policy and Annual OPEB Cost

The Plan has been funded on a pay-as-you-go basis since inception. During fiscal year 2017, the District joined the California Employers Retirement Benefit Trust (CERBT) to begin prefunding its OPEB obligation. CERBT is an irrevocable Section 115 trust fund dedicated to prefunding OPEB for all eligible California public agencies and is managed by CalPERS. At the time of inception, the District elected to establish the trust with a $1,000,000 contribution. In fiscal year 2018, an additional $500,000 contribution to the trust was made. Funding is not based on actuarially determined contributions and contributions are neither statutory nor contractually established. Current policy does not obligate the District to further fund its OPEB obligation. Beginning in fiscal year 2019, the District will begin drawing funds from the OPEB trust to cover the cost of current year retiree health benefit payouts.

The District's annual other post-employment benefit cost (expense) for the Plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 75 beginning in fiscal year 2018. The ARC represents the normal cost and amortization of unfunded actuarial liabilities over 30 years.

Note 15 - DEFINED BENEFIT POST-EMPLOYMENT HEALTH BENEFIT PLAN (continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation.

Actuarial assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increase	3.0%
Investment rate of return	6.7%
Healthcare cost trend rates	
Medicare Advantage	16% for 2017, 6.5% for 2018 and decreasing ratably to 4.5% for 2026 and later years
Medicare Supplement	5.7% for 2017, decreasing ratably to 4.5% for 2026 and later years
Dental	4.5% for 2017, static through 2026 and later years

Mortality rates were based on the 1997-2011 CalPERS Experience Study for Miscellaneous Employees, with adjustments for generational mortality projections using scale MP-2016.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 – June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40%	Unavailable
Fixed Income	39%	Unavailable
Treasury Inflation-Protected Securities	10%	Unavailable
Real Estate Investment Trusts	8%	Unavailable
Commodities	3%	Unavailable
Total	100%	6.7%

Note 15 - DEFINED BENEFIT POST-EMPLOYMENT HEALTH BENEFIT PLAN (continued)

Discount Rate. The discount rate used to measure the total OPEB liability was 6.7%. The rate was based on long-term expected rate of return for CERBT Strategy 2 determined by CalPERS. Prior to the most recent measurement date and establishment of the OPEB trust, the discount rate was 5%.

Changes in the OPEB Liability

The changes in the net OPEB liability for the are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) – (b)
Balance at 6/30/2017	$2,388,926	$ 0	$ 2,388,926
Changes Recognized for the Fiscal Year:			
Service Cost	43,930	N/A	43,930
Interest on the Total OPEB Liability	161,053	N/A	161,053
Changes of Benefit Terms	0	N/A	0
Differences Between Expected and Actual Experience	(7,884)	N/A	(7,884)
Changes of Assumptions	0	N/A	0
Benefit Payments	(59,133)	(59,133)	0
Contributions from the Employer	N/A	1,059,133	(1,059,133)
Contributions from the Employee	N/A	0	0
Net Investment Income	N/A	(5,256)	5,256
Administrative Expense	N/A	0	0
Net Changes	137,966	994,744	(856,778)
Balance at 6/30/2018 (Based on 6/30/2017 Measurement Date)	$2,526,892	$ 994,744	$ 1,532,148

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the fiscal year ending June 30, 2018.

	1% Decrease (5.70%)	Current Rate (6.70%)	1% Increase (7.70%)
Total OPEB Liability	$2,881,619	$2,526,892	$2,233,151
Plan Fiduciary Net Position	994,744	994,744	994,744
Net OPEB Liability	$1,886,875	$1,532,148	$1,238,407

Note 15 - DEFINED BENEFIT POST-EMPLOYMENT HEALTH BENEFIT PLAN (continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using a health care cost trends that are on percentage point lower or one percentage point higher than the trend rate, for the measurement period ended June 30, 2018

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	$2,196,589	$2,526,892	$2,934,843
Plan Fiduciary Net Position	994,744	994,744	994,744
Net OPEB Liability	$1,201,845	$1,532,148	$1,940,099

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $205,158. As of the fiscal year ended June 30, 2018, the District reported deferred outflows of resources related to OPEB contributions Made in Fiscal Year Ending 06/30/2018 (after measurement date) of $565,645.

The $565,645 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows for resources related to OPEB will be recognized as expense as follows:

Year End June 30:

2019	$175
2020	175
2021	175
2022	176
2023	(876)
Total Thereafter	$(2,628)

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

Required Supplementary Information

Schedule – Changes in the Net OPEB Liability and Related Ratios	2018
Total OPEB Liability	
Service Cost	$ 43,930
Interest Cost	161,053
Changes of Benefit Terms	0
Differences Between Expected and Actual Experiences	(7,884)
Changes of Assumptions	0
Benefit Payments	(59,133)
Net Change in Total OPEB Liability	$ 137,966
Total OPEB Liability (Beginning)	2,388,926
Total OPEB Liability (Ending)	$ 2,526,892
Plan Fiduciary Net Position	
Contributions - Employer	$ 1,059,133
Contributions - Member	0
Net Investment Income	(5,256)
Benefit Payments	(59,133)
Administrative Expense	0
Other	0
Net Change in Plan Fiduciary Net Position	$ 994,744
Plan Fiduciary Net Position (Beginning)	0
Plan Fiduciary Net Position (Ending)	$ 994,744
Net OPEB Liability (Ending)	$ 1,532,148
Net Position as a Percentage of OPEB Liability	39.37%
Covered-Employee Payroll	$ 10,346,378
Net OPEB Liability as a Percentage of Payroll	14.80%

Notes to Schedule:

Changes in assumptions - The discount rate was changed from 5.00 % to 6.70 % for the measurement period ended June 30, 2017.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future year's information will be displayed up to ten years as information becomes available.

A Schedule of Contributions is not required because funding is not based on actuarially determined contributions and contributions are neither statutory nor contractually established.

SANTA BARBARA
METROPOLITAN TRANSIT DISTRICT

COMPLIANCE REPORTS

JUNE 30, 2018

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

JUNE 30, 2018

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McGowan Guntermann
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

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

Board of Directors
Santa Barbara Metropolitan Transit District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Barbara Metropolitan Transit District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 30, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

McGowan Guntermann

October 30, 2018
Santa Barbara, California

McGowan Guntermann
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

Independent Auditor's Report on State Compliance

Board of Directors
Santa Barbara Metropolitan Transit District

Report on Compliance with Transportation Development Act Requirements

We have audited the Santa Barbara Metropolitan Transit District's (the District) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the District were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Santa Barbara County Association of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2018.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Transportation Development Act Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the District for the year ended June 30, 2018.

Purpose of this Report

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

Report on Public Transportation Modernization Improvement and Service Enhancement Account

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

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 (Proposition 1B). Of the $19.925 billion of state general obligation bonds authorized, $4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA).

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

As of June 30, 2018, all Proposition 1B funds received and expended were verified in the course of our current and previous audits as follows:

	PTMISEA	OHS	Total
Unexpended proceeds July 1, 2017	$ 970,248	$ 106,341	$ 1,076,589
For the year ended June 30, 2018:			
Proceeds received	-	233,321	233,321
Interest earned	97	6	103
Expenditures	(24,008)	(106,344)	(130,352)
Unexpended proceeds – yearend	$ 946,337	$ 233,324	$ 1,179,661

Purpose of this Report

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

McGowan Guntermann

October 30, 2018
Santa Barbara, California

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

Board of Directors
Santa Barbara Metropolitan Transit District

Report on Compliance for Each Major Federal Program

We have audited the Santa Barbara Metropolitan Transit District's (the District) compliance with the types of compliance requirements described in the *OMB Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 30, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

McGowan Guntermann

October 30, 2018
Santa Barbara, California

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION –			
Federal Transit Administration			
Federal Transit Cluster			
Operating Grant	20.507	CA-2018-059-00	$ 5,215,206
Capital Grant	20.507	CA-04-068-02	30,114
Total Federal Transit Cluster			5,245,320
US DEPARTMENT OF HOMELAND SECURITY			
Federal Emergency Management Agency			
Public Assistance Grants	97.036	FEMA – 4353 – DR – CA, Cal OES ID: 083-91060	78,922
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 5,324,242

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards includes the Federal award activity of the District, under programs of the federal government for the year ended June 30, 2018, in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as a reimbursement. The District has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following the cost principles contained in Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified**
Internal control over financial reporting:
Material weakness identified? **No**
Significant deficiencies identified that are not considered to be material weaknesses? **None reported**
No instances of noncompliance material to financial statements were disclosed by the audit.

Federal Awards

Internal control over major programs:
Material weakness identified? **No**
Significant deficiencies identified that are not considered to be material weaknesses? **No**
Type of auditor's report issued on compliance for major programs: **Unmodified**
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? **No**

Identification of major programs:

CFDA Number	*Name of Federal Program or Cluster*	Expenditures
20.507	U.S. DEPARTMENT OF TRANSPORTATION	
	Federal Transit Cluster	$ 5,245,320

Dollar threshold used to distinguish between type A and type B programs: **$750,000**

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

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Section II—Federal Award Findings and Questioned Costs

There were no findings nor questioned costs during the year ended June 30, 2018.

Section III—Federal Award Findings and Questioned Costs

2017-1

U.S. DEPARTMENT OF TRANSPORTATION	CFDA	Award number
Operating Grant	20.507	CA-2017-015-01

Criteria –- Conduct 80% of vehicle preventative maintenance on schedule.

Prior Condition– Preventive maintenance must be performed on FTA-funded vehicles according to the manufacturer's recommendation, and the grantee must conduct at least 80 percent of these preventive maintenance intervals on time according to FTA C. 5010.1E. A sample of three buses conducted for the District's 2017 Triennial Review indicated 31 percent were completed on time.

Corrective Action – Recent difficulty in maintaining budgeted number of mechanic positions necessitated temporarily increasing the bus manufacturer's oil change interval. Additional mechanics have been hired. The District has since submitted data to the FTA that included all 66 FTA-funded buses reflecting three consecutive months of compliance with FTA requirements. This finding was closed by the FTA on October 3, 2017.

Status Update – As indicated last year in the Corrective Action for the finding, the District reverted back to the bus manufacturer's oil change interval and complied with it for the first three months of FY 17-18, the year under audit. Practices and conditions in the Maintenance Department have not altered since then.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Section III—Federal Award Findings and Questioned Costs

2017-2

U.S. DEPARTMENT OF TRANSPORTATION	CFDA	Award number
Operating Grant	20.507	CA-2017-015-01

Criteria – Maximum 20 percent bus spare ratio

Condition – The number of spare buses in the active fleet for recipients operating 50 or more fixed-route revenue vehicles should not exceed 20 percent of the number of vehicles operated in maximum fixed route service according to FTA C. 5010.1E. The District had 106 revenue service vehicles during the year ended June 30, 2017. The number of vehicles required for maximum service was 87, which gave the District 19 spare vehicles. This resulted in a spare ratio of 22 percent, which is above the FTA's threshold of 20 percent.

Corrective Action – The District held two buses causing the spare ratio to exceed 20% in anticipation of being asked by the Metropolitan Planning Organization (MPO) to implement a "last mile" service for planned commuter rail service. This service would utilize two buses during the peak period which would result in a spare ratio below 20%. The District submitted to the FTA Region IX Office a plan for reducing the spare ratio to 20 percent. The plan included a spreadsheet listing for each bus type; the number of buses, the number of buses to be disposed of, the number of buses to be added, the projected peak requirement, and the projected spare ratio. The plan demonstrated that the spare ratio would not exceed 20 percent by August 2017. This finding was closed by the FTA on June 30, 2017.

Status Update – The provision of District transit service for the commuter rail service discussed in the corrective action for the finding took place, increasing the peak service need such that the 20% spare ratio was met. The District is currently in a transition period for the replacement of two sub-fleets of buses temporarily bringing the spare ratio back above 20%. Once the newer fleets are accepted, the older fleets will be retired and the 20% spare ratio requirement will again be met.

BOARD OF DIRECTORS REPORT

MEETING DATE:	NOVEMBER 6, 2018	**AGENDA ITEM: #8**
DEPARTMENT:	ADMINISTRATION	
TYPE:	ACTION ITEM	
PREPARED BY:	JERRY ESTRADA	______________________ *Signature*
REVIEWED BY:	GENERAL MANAGER	______________________ *Signature*
SUBJECT:	2019 STANDING COMMITTEE ASSIGNMENTS	

RECOMMENDATIONS:

Staff recommends the Board of Directors consider Committee assignments for 2019.

DESCRIPTIONS:

<u>Finance & Human Resource/Risk</u>

This committee addresses administrative policy issues such as budget, fare structure, and risk matters.

<u>External Affairs</u>

External Affairs covers Board level issues related to official Government Affairs as well as any federal, state or local policy questions.

<u>Planning & Marketing</u>

Annual bus service planning, long-term policy issues and marketing for the District are reviewed by this committee.

<u>Fleet & Facilities</u>

Policy-related issues pertaining to the District's current and future fleet of revenue and non-revenue vehicles as well as real property and facilities are typically assigned to the committee. Additionally, most capital projects and technology advancements are assigned to this committee.

ATTACHMENT:

- Committee List

SANTA BARBARA MTD

2018 COMMITTEE LIST

EXTERNAL AFFAIRS

MEMBER
Dave Davis (Chair)
Paula Perotte
Dick Weinberg

FINANCE/ HUMAN RESOURCES/ RISK

MEMBER
Dave Tabor (Chair)
Paula Perotte
Olivia Rodriguez

PLANNING & MARKETING

MEMBER
Chuck McQuary (Chair)
Bill Shelor
Dave Davis

COASTAL EXPRESS WORKING GROUP

MEMBER
Dick Weinberg

FLEET & FACILITIES

MEMBER
Dave Tabor (Chair)
Bill Shelor
Dick Weinberg

SBCAG SOUTHCOAST SUBREGIONAL

MEMBER
Dave Davis

To: MTD Board of Directors
From: Jerry Estrada, General Manager
Date: November 6, 2018
Subject: General Manager's Report

Operations, Fleet & Facilities

The Operations department successfully completed the bidding process this past week for the upcoming winter quarter. This was completed in a very timely and efficient manner, allowing all drivers the opportunity to change their work. The timeframe of this upcoming bid runs from November 26, 2018 through March 3, 2019.

On October 25, 2018, around 20 attendees of the UC Fleet Manager's Conference held at UCSB visited MTD to learn more about the District's battery electric bus (BEB) program. Staff provided UC fleet managers with an overview of how MTD's BEB fleet has evolved, as well as the challenges and opportunities associated with adopting electric vehicle (EV) technologies. The event culminated in a tour of MTD's electric bus infrastructure and the fleet of BYD buses.

Steve Hahn attended the Transit Maintenance Conference at BusCon in Indianapolis on October 2-3, 2018. The conference was very informative and maintenance personnel from California, Texas, North Carolina and Michigan were on panels covering everything from fleet electrification to employee retention.

The Invitation for Bids (IFB) for the Transit Center Renovations Project was released on Monday, October 29, 2018. A notification about the IFB was sent to almost 30 general contractors from Santa Barbara, Ventura, Los Angeles, and Orange counties. The non-mandatory pre-bid meeting is scheduled to take place on November 5, 2018. The meeting will allow interested parties to meet with MTD design consultants and staff to ask questions and tour the Transit Center property. Bids for the project are due on Thursday, December 6, 2018.

From October 15 through October 26, 2018, BYD orchestrated an aggressive repair campaign at MTD to address the majority of outstanding issues with the BYD buses. In addition to using the aftersales technicians BYD typically deploys to repair post-production issues, they sent production staff that specialize in the issues present on MTD's buses. The campaign was successful and resulted in a greatly diminished list of outstanding issues. BYD aftersales technicians will address the remaining open items over the coming weeks.

MTD changed one if its Southern California Edison (SCE) accounts associated with electric bus charging to an EV rate (TOU-EV-4). It is the second of five accounts for Terminal 1 with an EV rate. SCE is in the process of rolling out a new rate structure that moderates demand charges for EV rates to promote transportation electrification over the next 10 years. MTD is hopeful that the switch to an EV rate will result in significant savings associated with electricity costs for EV charging.

Proposals in response to MTD's Request for Proposals (RFP) for Facilities Master Plan are due on Thursday, November 8, 2018. Once received, a review committee will evaluate all of the proposals submitted based upon the criteria listed in the RFP.

Administration

The Carpinteria Valley Chamber of Commerce has published a City Map for the first time in several years, and Line 20 and the Seaside Shuttle are featured.

MTD submitted its initial FY 2018 National Transit Database (NTD) annual report to the Federal Transit Administration (FTA) on Monday, October 29, 2018. The FTA requires NTD report submittal by October 31 of each year. The NTD report includes a wide variety of financial, service, and other data regarding MTD's operations.

On November 1, 2018, staff listened in on a webinar presented by FTA regarding the upcoming Public Transportation Agency Safety Plan requirement. The webinar addressed use of FTA's PTAS Plan template by bus operators such as MTD.

Human Resources is very pleased to announce that four candidates for mechanic positions have accepted offers of employment. Lawrence Gomoll started this week. Cipriano Ocampo, Arturo Navarro, and Brian Schwarz will all start within the next 30 days. In addition, two new drivers will begin soon: Jose Perez and Kevin Escobar.

MTD staff and board chair, attended the California Transit Association's 54th Annual Fall Conference and Expo in Long Beach last week. This year's event included a number of sessions dedicated to transit fleet electrification and new trends in mobility.