



BOARD OF DIRECTORS AGENDA

REGULAR MEETING
of the
BOARD OF DIRECTORS
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
Tuesday, April 16, 2019
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 March 19, 2019.

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

The Board of Directors will be asked to review and approve the Cash Reports from March 9, 2019, through March 22, 2019, and March 23, 2019, through April 5, 2019.

THIS CONCLUDES THE CONSENT CALENDAR

6. PUBLIC COMMENT

Members of the public may address the Board of Directors on items within the 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.gov and at MTD Administrative offices.

BOARD OF DIRECTORS AGENDA

7. FINANCIAL AUDIT SERVICES CONTRACT AWARD RECOMMENDATION - (ATTACHMENT - ACTION MAY BE TAKEN)

Staff will recommend that the Board authorize award of a contract for Financial Audit Services to Brown Armstrong to perform the annual financial and compliance audits of the District for Fiscal Years 2018-19 and 2019-20 for a total price of \$79,980.

8. GENERAL MANAGER'S REPORT - (INFORMATIONAL)

The General Manager will provide an update on district activities.

9. OTHER BUSINESS AND REPORTS - (INFORMATIONAL)

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

10. RECESS TO CLOSED SESSION: CONFERENCE WITH LABOR NEGOTIATOR(S) (GOVERNMENT CODE SECTION 54957.6) – (ACTION MAY BE TAKEN)

Agency-designated representatives: MTD General Manager and Human Resources and Risk Manager.

Employee organization: International Brotherhood of Teamsters Union, Local 186.

11. 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 DRAFT MINUTES

REGULAR MEETING
of the
BOARD OF DIRECTORS
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
Tuesday, March 19, 2019
8:30 AM
John G. Britton Auditorium
550 Olive Street, Santa Barbara, CA 93101

- 1. CALL TO ORDER**
Chair Dave Davis called the meeting to order at 8:30 AM.
- 2. ROLL CALL OF THE BOARD MEMBERS**
Chair Davis reported that all members were present with the exception of Director Paula Perotte.
- 3. REPORT REGARDING POSTING OF AGENDA**
Christina Perry, Administrative Assistant Lead, reported that the agenda was posted on Thursday, March 14, 2019, at MTD's Administrative office, mailed and emailed to those on the agenda list, and posted on MTD's website.

CONSENT CALENDAR

- 4. APPROVAL OF PRIOR MINUTES - (ATTACHMENT - ACTION MAY BE TAKEN)**
The Board of Directors was asked to waive the reading of and approve the draft minutes for the meeting of March 5, 2019.
- 5. CASH REPORT - (ATTACHMENT - ACTION MAY BE TAKEN)**
The Board of Directors was asked to review and approve the Cash Reports from February 26, 2019, through March 8, 2019.

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

THIS CONCLUDES THE CONSENT CALENDAR

- 6. PUBLIC COMMENT**
No public comments were made.
- 7. DRAFT SERVICE PLAN FOR FISCAL YEAR 2019-20 - (ACTION MAY BE TAKEN)**
Hillary Blackerby, Interim Planning and Marketing Manager, provided a presentation on the proposed service changes for August 2019.

BOARD OF DIRECTORS DRAFT MINUTES

The Board requested the following actions be taken:

- Staff return with a report on Micro Transit if/when funding is secured and software is enabled
- Staff provide color maps
- Bus Stop Rebalancing (12x, 24x) be renamed "Less Stops and More Express"

8. RESOLUTION FOR FISCAL YEAR 2019-20 TRANSPORTATION DEVELOPMENT ACT CLAIM - (ATTACHMENT - ACTION MAY BE TAKEN)

Assistant Controller Thais Sayat requested that the Board adopt the attached Resolution 2019-02 authorizing the General Manager to claim the Transportation Development Act (TDA) funds apportioned to Santa Barbara Metropolitan Transit District for Fiscal Year 2019-20.

Chair Davis called for a roll call vote. Resolution 2019-01 was approved unanimously.

9. ADOPTION OF FISCAL YEAR 2019-20 MEASURE A PROGRAM OF PROJECTS SUBMITTAL - (ATTACHMENT - ACTION MAY BE TAKEN)

Assistant Controller Sayat requested that the Board approve the submittal of Santa Barbara Metropolitan Transit District (MTD) Measure A Program of Projects for Fiscal Year 2019-20.

Vice Chair Tabor moved to approve the Measure A Program of Projects for Fiscal Year 2019-20. Director Chuck McQuary seconded the motion. The motion passed unanimously.

10. FISCAL YEAR 2018-19 SECOND QUARTER PERFORMANCE REPORTS - (ATTACHMENT - INFORMATIONAL)

Ms. Blackerby presented Performance Reports for the Second Quarter and six-month period ending December 31, 2018 of Fiscal Year 2018-19.

11. GENERAL MANAGER'S REPORT - (INFORMATIONAL)

General Manager Jerry Estrada provided an update on district activities, including Ebus production support, single audit firm selection, UCSB SmartCard program, Transit Driver Appreciation Day, and MTD's 50th Anniversary celebration.

12. OTHER BUSINESS AND REPORTS - (INFORMATIONAL)

Director McQuary reported that the Planning and Marketing Committee met on March 12, 2019. Director Bill Shelor asked questions about funding sources for future projects.

13. ADJOURNMENT

Director Dick Weinberg moved to adjourn the meeting. Vice Chair Tabor seconded the motion. The motion passed unanimously and the meeting was adjourned at 10:19 AM.

Santa Barbara Metropolitan Transit District
Cash Report
Board Meeting of April 2, 2019
For the Period March 9, 2019 through March 22, 2019

MONEY MARKET

Beginning Balance March 9, 2019 **\$5,943,164.47**

Accounts Receivable	4,056,700.93
Passenger Fares	152,942.09
Interest Income	3,219.98
Miscellaneous Income	<u>1,218.06</u>
Total Deposits	4,214,081.06

Miscellaneous Transfers	(1,239.78)
Bank & Credit Card Fees	(6,364.76)
401(k)/Pension Transfer	(33,951.19)
Workers' Compensation	(46,050.97)
Payroll Taxes	(160,576.62)
Payroll	(359,452.69)
Accounts Payable	(701,618.00)
Wire Transfer	<u>(5,300,179.10)</u>
Total Disbursements	(6,609,433.11)

Ending Balance **\$3,547,812.42**

CASH INVESTMENTS

LAIF Account	\$8,554,374.44
Money Market Account	<u>3,547,812.42</u>

Total Cash Balance **\$12,102,186.86**

SELF INSURED LIABILITY ACCOUNTS

WC / Liability Reserves	(\$4,080,234.58)
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Working Capital **\$8,021,952.28**

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

Date	Company	Description	Amount
3/11/2019	ASTI Holding Company, LLC	Overpass Property Lease - Mar '19	16,678.46
3/11/2019	Department of Rehabilitation	Passes/Passports Sales	656.00
3/12/2019	City of SB Creeks Division	Advertising on Buses	300.00
3/14/2019	Federal Transit Administration	FTA Capital Assistance - FY19	403,489.00
3/14/2019	Federal Transit Administration	FTA Capital Assistance - FY19	3,473,053.00
3/15/2019	Measure A, Section 3 LSTI	Measure A Funds FY19 Capital Reimbursement	138,987.83
3/18/2019	True Media LLC/Cottage Health	Advertising on Buses	936.00
3/19/2019	City of SB Creeks Division	Advertising on Buses	300.00
3/19/2019	City of SB Creeks Division	Advertising on Buses	-300.00
3/19/2019	City of SB Creeks Division	Advertising on Buses	300.00
3/19/2019	S.B.C.A.G.	Amtrak Connecting Service - Jan '19	14,211.44
3/20/2019	Moonlight Graphics/Mktg	Advertising on Buses	7,236.00
3/22/2019	Wells Marketing, LLC	Advertising on Buses	853.20
Total Accounts Receivable Paid During Period			\$4,056,700.93

**Santa Barbara Metropolitan Transit District
Accounts Payable**

Check #	Date	Company	Description	Amount	Voids
120451	3/15/2019	HENRY ANDREWS	RETIREE HEALTH REIMBURSEMENT	285.00	
120452	3/15/2019	ASBURY ENVIRONMENTAL	WASTE OIL RECYCLER	65.00	
120453	3/15/2019	JOSE BAUTISTA	AD MOUNTING/DISMOUNTING	512.00	
120454	3/15/2019	JAMES BRACKETT	RETIREE HEALTH REIMBURSEMENT	146.00	
120455	3/15/2019	KARL BRETZ	RETIREE HEALTH REIMBURSEMENT	703.59	
120456	3/15/2019	BUENA TOOL, INC.	SHOP/B&G SUPPLIES	30.02	
120457	3/15/2019	ROBERT BURNHAM	RETIREE HEALTH REIMBURSEMENT	285.00	
120458	3/15/2019	GILBERT CALLES	RETIREE HEALTH REIMBURSEMENT	292.00	
120459	3/15/2019	CITY OF SANTA BARBARA	CSR PARKING PERMITS	40.00	
120460	3/15/2019	CERTIFIED ENVIRONMENTAL	PROFESSIONAL SERVICES	3,221.39	
120461	3/15/2019	STAN CISOWSKI	RETIREE HEALTH REIMBURSEMENT	124.67	
120462	3/15/2019	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	446.36	
120463	3/15/2019	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	1,550.51	
120464	3/15/2019	CURTIS, NANCY	RETIREE HEALTH REIMBURSEMENT	169.88	
120465	3/15/2019	DEPARTMENT OF MOTOR VEHICL	VEHICLE CODE BOOKS	113.62	
120466	3/15/2019	DENMUN OFFICE SOLUTIONS DB	IT CONTRACT SERVICES	3,442.50	
120467	3/15/2019	EASY LIFT TRANSPORTATION, INC	MONTHLY ADA SUBSIDY	78,496.83	
120468	3/15/2019	SHERRIE FISHER	RETIREE HEALTH REIMBURSEMENT	282.96	
120469	3/15/2019	FGL ENVIRONMENTAL, INC	STORMWATER TEST	538.00	
120470	3/15/2019	STATE OF CALIFORNIA	PAYROLL RELATED	415.00	
120471	3/15/2019	FRONTIER CALIFORNIA INC.	TELEPHONES	98.98	
120472	3/15/2019	GARY GLEASON	RETIREE HEALTH REIMBURSEMENT	285.00	
120473	3/15/2019	GOGETTERS, LLC DBA	COURIER SERVICES	270.00	
120474	3/15/2019	GRAINGER, INC.	SHOP/B&G SUPPLIES	53.37	
120475	3/15/2019	JILL GRISHAM	RETIREE HEALTH REIMBURSEMENT	144.48	
120476	3/15/2019	GUARDIAN-APPLETON (DENTAL I	DENTAL INSURANCE	4,392.10	
120477	3/15/2019	GUARDIAN-APPLETON (LIFE INS)	LIFE INSURANCE	990.32	
120478	3/15/2019	HAYWARD LUMBER	SHOP/B&G SUPPLIES	31.20	
120479	3/15/2019	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	50.78	
120480	3/15/2019	JAY DANIEL ROBERTSON	RETIREE HEALTH REIMBURSEMENT	274.18	
120481	3/15/2019	LABOR ALLIANCE MANAGED TRU	UNION DENTAL INSURANCE	10,641.25	
120482	3/15/2019	LENZ PEST CONTROL DBA	FUMIGATION SERVICES	40.00	
120483	3/15/2019	ROBERT H. LURIE	REIMBURSEMENT	131.62	
120484	3/15/2019	MEDICAL EYE SERVICES, INC.	VISION INSURANCE	519.72	
120485	3/15/2019	MIKE CUEVAS GARDENING SERVI	LANDSCAPE MAINTENANCE SERVICE	695.00	
120486	3/15/2019	KENNETH B. MILLS	PROCUREMENT SERVICES	1,584.00	
120487	3/15/2019	NATIONAL INTERSTATE INS INC.	LIABILITY INSURANCE	2,786.80	
120488	3/15/2019	NEW PIG CORP.	B/G SUPPLIES (OF)	999.66	

Check #	Date	Company	Description	Amount	Voids
120489	3/15/2019	CARLOS ORNELAS	RETIREE HEALTH REIMBURSEMENT	250.00	
120490	3/15/2019	CAREY POINDEXTER	RETIREE HEALTH REIMBURSEMENT	282.34	
120491	3/15/2019	AL ROMERO SR.	RETIREE HEALTH REIMBURSEMENT	146.00	
120492	3/15/2019	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	
120493	3/15/2019	SPECIAL DISTRICT RISK MGMT	HEALTH INSURANCE	52,011.84	
120494	3/15/2019	SANTA BARBARA COUNTY EHS	SITE CAP REPORT REVIEW	3,215.00	
120495	3/15/2019	SANTA BARBARA SHERIFF'S DEPT	PAYROLL RELATED	75.00	
120496	3/15/2019	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	36.21	
120497	3/15/2019	STATE BOARD OF EQUALIZATION	PAYROLL RELATED	250.00	
120498	3/15/2019	STEWART'S DE-ROOTING & PLUM	PLUMBING REPAIRS	1,225.17	
120499	3/15/2019	THE COUNTRY MEAT MARKET IN	TRANSIT DRIVER APPRECIATION DAY	2,752.39	
120500	3/15/2019	THE MEDCENTER	MEDICAL EXAMS	1,616.00	
120501	3/15/2019	TANK TEAM INC.	TANK TESTS	246.00	
120502	3/15/2019	TEAMSTERS MISC SECURITY TRUS	UNION MEDICAL INSURANCE	205,970.00	
120503	3/15/2019	TEAMSTERS PENSION TRUST	UNION PENSION	92,120.54	
120504	3/15/2019	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	10,668.52	
120505	3/15/2019	J.C. M. AND ASSOCIATES INC.	UNIFORMS	807.97	
120506	3/15/2019	VERIZON WIRELESS	WIRELESS PHONES & AIM CELLULAR	2,098.37	
120507	3/15/2019	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	636.89	
120508	3/15/2019	ALEXANDER YOUNG	RETIREE HEALTH REIMBURSEMENT	260.23	
120509	3/15/2019	CARPINTERIA BRANCH LIBRARY	RENT COMMUNITY MEETING ROOM	50.00	
120510	3/21/2019	ABC BUS COMPANIES INC	BUS PARTS	141.18	
120511	3/21/2019	AMERICAN MOVING PARTS, LLC	BUS PARTS	660.80	
120512	3/21/2019	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	166.82	
120513	3/21/2019	BRIMAR INDUSTRIES	SIGNS FOR SHOP	40.40	
120514	3/21/2019	ARTHUR BURNS	DMV-VTT RENEWAL	56.00	
120515	3/21/2019	BUYNAK, FAUVER, ARCHBALD&S	LEGAL COUNSEL	36,399.44	
120516	3/21/2019	CALIFORNIA ELECTRIC SUPPLY, I	SHOP/B&G SUPPLIES	357.25	
120517	3/21/2019	CALSTART, INC.	MEMBERSHIP	1,950.00	
120518	3/21/2019	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	257.46	
120519	3/21/2019	CITY OF CARPINTERIA	CHARGING STATION ELECTRICITY	2,468.63	
120520	3/21/2019	CELTIS VENTURES, INC.	MARKETING SERVICES	11,852.50	
120521	3/21/2019	CENTRAL COAST CIRCULATION, L	BUS BOOK DISTRIBUTION	575.00	
120522	3/21/2019	COMMUNITY ENVIRONMENTAL C	EARTH DAY REGISTRATION	185.00	
120523	3/21/2019	CINTAS CORPORATION	FIRST AID SUPPLIES	112.58	
120524	3/21/2019	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	0.00	V
120525	3/21/2019	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	8,196.06	
120526	3/21/2019	DIESEL FORWARD, INC.	BUS PARTS	3,523.42	
120527	3/21/2019	DOCUPRODUCTS CORPORATION	COPIER MAINTENANCE/SUPPLIES	507.80	
120528	3/21/2019	DOWNTOWN ORGANIZATION, INC.	TC MAINTENANCE	450.00	
120529	3/21/2019	FLEET SERVICES, INC.	BUS PARTS	629.77	

Check #	Date	Company	Description	Amount	Voids
120530	3/21/2019	FRONTIER CALIFORNIA INC.	TELEPHONES	2,009.70	
120531	3/21/2019	GIBBS INTERNATIONAL INC	BUS PARTS	1,246.40	
120532	3/21/2019	GILLIG LLC	BUS PARTS	5,248.60	
120533	3/21/2019	GOODYEAR TIRE & RUBBER CO	LEASED TIRES	13,633.27	
120534	3/21/2019	GRAINGER, INC.	SHOP/B&G SUPPLIES	72.44	
120535	3/21/2019	RYAN GRIPP	REIMBURSEMENTS	92.34	
120536	3/21/2019	GOLETA VALLEY CHAMBER OF C	MEMBERSHIP / MEETINGS	1,250.00	
120537	3/21/2019	HI-LINE ELECTRIC COMPANY, INC	BUS PARTS	201.28	
120538	3/21/2019	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	275.83	
120539	3/21/2019	LMA ARCHITECTS, CORP.	TC ARCHITECTURAL SERVICES	218.61	
120540	3/21/2019	LENZ PEST CONTROL DBA	FUMIGATION SERVICES	115.00	
120541	3/21/2019	LORI'S MOBILE NOTARY&FINGERP	MOBILE NOTARY	150.00	
120542	3/21/2019	RAUL THOMAS MAYA	DMV-VTT RENEWAL	56.00	
120543	3/21/2019	MC CORMIX CORP. (OIL)	LUBRICANTS	3,067.34	
120544	3/21/2019	MURPHY ELECTRIC MAINTENANC	ELECTRICAL REPAIRS/INSTALLATION	269.25	
120545	3/21/2019	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	142.05	
120546	3/21/2019	MULLEN & HENZELL	CALLE REAL LEGAL SERVICES	4,745.78	
120547	3/21/2019	NEWEGG, INC	IT EQUIPMENT & SUPPLIES	360.97	
120548	3/21/2019	NFI PARTS DBA	BUS PARTS	70.13	
120549	3/21/2019	NU-COOL REDI GREEN, INC	COOLANTS & SHOP SUPPLIES	779.45	
120550	3/21/2019	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	244.21	
120551	3/21/2019	O'REILLY AUTO PARTS DBA	BUS PARTS	652.43	
120552	3/21/2019	PACIFIC MATERIALS LABORATOR	CORE TESTING REPORT	335.00	
120553	3/21/2019	POWERSTRIDE BATTERY CO.	BATTERIES FOR IT BACKUP	199.14	
120554	3/21/2019	REPUBLIC ELEVATOR, INC	ELEVATOR MAINTENANCE	164.19	
120555	3/21/2019	SAFETY-KLEEN CORPORATION	SHOP SUPPLIES	290.44	
120556	3/21/2019	SANTA BARBARA FASTENERS, INC	SHOP SUPPLIES	38.14	
120557	3/21/2019	SB CHAMBER OF COMMERCE	TABLE SPONSORSHIP	750.00	
120558	3/21/2019	SB LOCKSMITHS, INC.	B&G REPAIR & SUPPLIES	205.88	
120559	3/21/2019	SILVAS OIL CO., INC.	LUBRICANTS	397.85	
120560	3/21/2019	SANTA BARBARA COUNTY EHS	SITE CAP REPORT REVIEW	1,962.50	
120561	3/21/2019	SELECT STAFFING DBA	CONTRACT SERVICES	1,945.60	
120562	3/21/2019	SO. CAL. EDISON CO.	UTILITIES	7,110.70	
120563	3/21/2019	SOCALGAS	UTILITIES	1,182.55	
120564	3/21/2019	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	89,157.50	
120565	3/21/2019	UNITED PARCEL SERVICE, INC.	FREIGHT CHARGES	301.43	
120566	3/21/2019	VALLEY POWER SYSTEMS, INC.	BUS PARTS	967.02	
120567	3/21/2019	VERITECH, INC.	BUS PARTS	2,179.00	
120568	3/21/2019	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	872.61	

Check #	Date	Company	Description	Amount	Voids
				701,618.00	
			Current Cash Report Voided Checks:	0.00	
			Prior Cash Report Voided Checks:	0.00	
			Grand Total:	\$701,618.00	

Santa Barbara Metropolitan Transit District
Cash Report
Board Meeting of April 16, 2019
For the Period March 23, 2019 through April 5, 2019

MONEY MARKET

Beginning Balance March 23, 2019 **\$3,547,812.42**

Accounts Receivable	1,001,559.91
Passenger Fares	154,427.30
Interest Income	2,848.94
Prepays & Advertising	1,439.40
Miscellaneous Income	193.20
Measure A Transfer	<u>.16</u>
Total Deposits	1,160,468.91

Miscellaneous Transfers	(1,239.78)
Bank & Credit Card Fees	(6,016.77)
Workers' Compensation	(16,651.29)
401(k)/Pension Transfer	(33,671.66)
Payroll Taxes	(202,530.84)
Accounts Payable	(244,742.78)
Payroll	<u>(373,717.07)</u>
Total Disbursements	(878,570.19)

Ending Balance **\$3,829,711.14**

CASH INVESTMENTS

LAIF Account	\$8,554,374.44
Money Market Account	<u>3,829,711.14</u>

Total Cash Balance **\$12,384,085.58**

SELF INSURED LIABILITY ACCOUNTS

WC / Liability Reserves	(\$4,080,234.58)
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Working Capital **\$8,303,851.00**

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

Date	Company	Description	Amount
3/26/2019	CalPERS	OPEB Reimbursement Jan '19	3,903.26
3/26/2019	UCSB - Parking Services-7001	Passes/Passports Sales	6,356.00
3/26/2019	UCSB Bookstore	Passes/Passport Sales	18,875.00
3/27/2019	True Media LLC/Cottage Health	Advertising on Buses	936.00
4/2/2019	ASTI Holding Company, LLC	Overpass Property Lease Apr '19	16,678.46
4/2/2019	City of SB - Public Works Director	Downtown Shuttle Mar '19	102,261.42
4/2/2019	Ken Porter Auctions	Bus Sale	2,780.00
4/2/2019	SB School District	Passes/Token Sales	2,850.00
4/3/2019	Local Transportation Fund	SB 325 - Mar '19	663,864.82
4/3/2019	Measure A, Section 3 LSTI	Measure A Funds Mar '19	175,783.10
4/4/2019	Goodwin & Thyne Properties	Advertising on Buses	2,340.00
4/4/2019	Hiltachk Marketing Group/SB Airport	Advertising on Buses	4,919.40
4/4/2019	Jill Grisham	Retiree - Vision	12.45
Total Accounts Receivable Paid During Period			\$1,001,559.91

**Santa Barbara Metropolitan Transit District
Accounts Payable**

Check #	Date	Company	Description	Amount	Voids
120447	3/7/2019	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	797.15	V
120524	3/21/2019	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	0.00	V
120569	3/29/2019	JOSE BAUTISTA	AD MOUNTING/DISMOUNTING	192.00	
120570	3/29/2019	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	433.47	
120571	3/29/2019	DEPARTMENT OF MOTOR VEHICL	VEHICLE REGISTRATION	44.00	
120572	3/29/2019	STATE OF CALIFORNIA	PAYROLL RELATED	415.00	
120573	3/29/2019	NATIONAL DRIVE	PAYROLL DEDUCTION	64.00	
120574	3/29/2019	NATIONAL INTERSTATE INS INC.	LIABILITY INSURANCE	47,524.65	
120575	3/29/2019	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	
120576	3/29/2019	SANTA BARBARA SHERIFF'S DEPT	PAYROLL RELATED	60.33	
120577	3/29/2019	SO. CAL. EDISON CO.	UTILITIES	396.70	
120578	3/29/2019	SOCALGAS	UTILITIES	56.65	
120579	3/29/2019	SB CITY OF-REFUSE/WATER	UTILITIES	706.11	
120580	3/29/2019	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	811.52	
120581	3/29/2019	UNITED WAY OF SB	PAYROLL DEDUCTION	102.00	
120582	3/29/2019	VERIZON WIRELESS	WIRELESS PHONES & AIM CELLULAR	673.44	
120583	3/29/2019	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	797.15	
120584	3/29/2019	YACO SCHOLARSHIP FUND	PAYROLL DEDUCTION	72.00	
120585	4/4/2019	ABC BUS COMPANIES INC	BUS PARTS	116.83	
120586	4/4/2019	ACTION TREE CARE DBA	B&G REPAIRS & SUPPLIES	475.00	
120587	4/4/2019	AMERICAN MOVING PARTS, LLC	BUS PARTS	390.43	
120588	4/4/2019	ALL PHASE ELECTRIC SUPPLY DB	B&G SUPPLIES	1,411.90	
120589	4/4/2019	ASBURY ENVIRONMENTAL	WASTE OIL RECYCLER	65.00	
120590	4/4/2019	AXLE TECH INTERNATIONAL D	BUS PARTS & REPAIRS	1,119.64	
120591	4/4/2019	JOSE BAUTISTA	AD MOUNTING/DISMOUNTING	416.00	
120592	4/4/2019	BAY ALARM COMPANY, INC	ALARM CONTRACT	342.87	
120593	4/4/2019	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	228.32	
120594	4/4/2019	BNS ELECTRONICS, INC.	SANTA YNEZ SITE RENTAL	296.16	
120595	4/4/2019	BUENA TOOL, INC.	SHOP/B&G SUPPLIES	126.26	
120596	4/4/2019	CALIFORNIA ELECTRIC SUPPLY, I	SHOP/B&G SUPPLIES	301.90	
120597	4/4/2019	CARQUEST AUTO PARTS	BUS PARTS & SUPPLIES	67.06	
120598	4/4/2019	CITY OF SANTA BARBARA	CSR PARKING PERMITS	40.00	
120599	4/4/2019	CMS COMMUNICATIONS, INC.	REFURBISHED TELEPHONES	2,299.25	
120600	4/4/2019	COMMUNITY RADIO, INC.	GIB. SITE RENTAL	265.98	
120601	4/4/2019	COTTAGE HEALTH SYSTEM	EMPLOYEE ASSISTANCE PROGRAM	4,017.75	
120602	4/4/2019	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	0.00	V
120603	4/4/2019	CUMMINS PACIFIC, LLC	BUS PARTS & REPAIRS	9,682.44	
120604	4/4/2019	COUNTY OF S.B.PUBLIC WORKS D	WASTE DISPOSAL	183.32	

Check #	Date	Company	Description	Amount	Voids
120605	4/4/2019	DAVID DAVIS JR.	DIRECTOR FEES	180.00	
120606	4/4/2019	DENMUN OFFICE SOLUTIONS DB	IT CONTRACT SERVICES	2,805.00	
120607	4/4/2019	DIESEL FORWARD, INC.	BUS PARTS	1,149.86	
120608	4/4/2019	ECO-T TIRE & RETREADING, LLC	BUS TIRE MOUNTING	85.00	
120609	4/4/2019	GENFARE, A DIVISION OF SPX COR	FAREBOX REPAIRS & PARTS	1,600.00	
120610	4/4/2019	GIBBS INTERNATIONAL INC	BUS PARTS	2,725.06	
120611	4/4/2019	GILLIG LLC	BUS PARTS	14,459.27	
120612	4/4/2019	GOLD COAST TRANSPORT REFRIG	BUS A/C MAINTENANCE	208.37	
120613	4/4/2019	GRAINGER, INC.	SHOP/B&G SUPPLIES	626.07	
120614	4/4/2019	GOLETA VALLEY COMMUNITY CE	HALL RENTAL/DEPOSIT	107.50	
120615	4/4/2019	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	259.12	
120616	4/4/2019	HR AUTOGLASS DBA	BUS PARTS/REPAIRS	460.00	
120617	4/4/2019	INTELLICORP RECORD INC.	PRE-EMPLOYMENT CHECK	29.75	
120618	4/4/2019	JANICARE DBA	JANITORIAL SERVICES	42.06	
120619	4/4/2019	LARA'S AUTO REPAIR DBA	BUS REPAIRS	2,363.07	
120620	4/4/2019	LENZ PEST CONTROL DBA	FUMIGATION SERVICES	40.00	
120621	4/4/2019	MC CORMIX CORP. (OIL)	LUBRICANTS	7,220.00	
120622	4/4/2019	MC CORMIX CORP. (GAS)	FUEL-SERVICE VEHICLES	2,628.92	
120623	4/4/2019	CHUCK MCQUARY	DIRECTOR FEES	180.00	
120624	4/4/2019	MISSION LINEN SUPPLY, INC	UNIFORM & LINEN SERVICE	5,825.55	
120625	4/4/2019	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	150.57	
120626	4/4/2019	MOUNTAIN SPRING WATER	SHOP & OFFICE SUPPLIES	1,075.15	
120627	4/4/2019	NATIONAL AUTO BODY & PAINT I	BUS REPAIRS	4,212.47	
120628	4/4/2019	NU-COOL REDI GREEN, INC	COOLANTS & SHOP SUPPLIES	684.15	
120629	4/4/2019	NORTHWEST PUMP & EQUIPMENT	FUEL ISLAND SUPPLIES	34.22	
120630	4/4/2019	PREVOST CAR INC.- CREDIT DEPT.	BUS PARTS	2,379.02	
120631	4/4/2019	O'REILLY AUTO PARTS DBA	BUS PARTS	330.55	
120632	4/4/2019	PAULA A. PEROTTE	DIRECTOR FEES	120.00	
120633	4/4/2019	PERRY LINCOLN MERCURY MAZD	SERVICE VEHICLE PARTS / REPAIRS	465.93	
120634	4/4/2019	PETTY CASH- PERRY, CHRISTINA	MISC. PURCHASES	227.42	
120635	4/4/2019	PITNEY BOWES INC	POSTAGE METER QTRLY CHARGES	146.81	
120636	4/4/2019	OLIVIA RODRIGUEZ	DIRECTOR FEES	120.00	
120637	4/4/2019	SANSUM CLINIC	MEDICAL EXAMS	1,085.00	
120638	4/4/2019	SANTA BARBARA FASTENERS, INC	SHOP SUPPLIES	55.46	
120639	4/4/2019	SANTA BARBARA CONCRETE CUT	BUS STOP ACCIDENT REPAIR	300.00	
120640	4/4/2019	THE CHAMBER OF THE SANTA BA	VISITOR CENTER ANNUAL AD	1,485.00	
120641	4/4/2019	SB LOCKSMITHS, INC.	B&G REPAIR & SUPPLIES	245.00	
120642	4/4/2019	SILVAS OIL CO., INC.	LUBRICANTS	343.13	
120643	4/4/2019	SANTA BARBARA TROPHY	DRIVER NAME PLATES	62.64	
120644	4/4/2019	SELECT STAFFING DBA	CONTRACT SERVICES	1,945.60	
120645	4/4/2019	WILLIAM JOHN SHELOR	DIRECTOR FEES	180.00	

Check #	Date	Company	Description	Amount	Voids
120646	4/4/2019	SM TIRE, CORP.	BUS TIRE MOUNTING	1,415.70	
120647	4/4/2019	SOCIETY FOR HUMAN RESOURCE	SHRM MEMBERSHIP	189.00	
120648	4/4/2019	SIMPLEBOND INSURANCE SVCS L	TITLE BONDS FOR BUSES	7,375.00	
120649	4/4/2019	SO. CAL. EDISON CO.	UTILITIES	7,345.20	
120650	4/4/2019	SOAP MAN DISTRIBUTIN DBA	CLEANING SUPPLIES	137.03	
120651	4/4/2019	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	798.20	
120652	4/4/2019	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	2,046.82	
120653	4/4/2019	STAR-TAM, INC.	B&G REPAIRS & SUPPLIES	1,506.58	
120654	4/4/2019	SB CITY OF-REFUSE/WATER	UTILITIES	3,490.68	
120655	4/4/2019	SUZANNE ELLEDGE PLANNING &	CALLE REAL DEVELOPMENT	4,120.05	
120656	4/4/2019	TELCOM, INC.	RADIO PARTS & REPAIRS	1,021.38	
120657	4/4/2019	THE MEDCENTER	MEDICAL EXAMS	2,164.00	
120658	4/4/2019	DAVID T. TABOR	DIRECTOR FEES	180.00	
120659	4/4/2019	TANK TEAM INC.	TANK TESTS	123.00	
120660	4/4/2019	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	66,813.95	
120661	4/4/2019	U.S. BANK CORP. PAYMENT SYSTE	CREDIT CARD PURCHASES	3,583.67	
120662	4/4/2019	VALLEY POWER SYSTEMS, INC.	BUS PARTS	6,195.83	
120663	4/4/2019	VALLEY POWER SYSTEMS, INC.	BUS PARTS	1,951.49	
120664	4/4/2019	ROY A. VILLARREAL	DMV RENEWAL	56.00	
120665	4/4/2019	VISIT SANTA BARBARA	MEMBERSHIP DUES	75.00	
120666	4/4/2019	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	1,060.73	
120667	4/4/2019	RICHARD WEINBERG	DIRECTOR FEES	120.00	
120668	4/4/2019	WINEBRENNER PRODUCTIONS D	VIDEOGRAPHY SERVICES	2,679.99	
120669	4/4/2019	YELLOW (YRC) TRANSPORTATION	FREIGHT CHARGES	156.78	
				247,703.93	
				Current Cash Report Voided Checks:	2,164.00
				Prior Cash Report Voided Checks:	797.15
				Grand Total:	\$244,742.78



BOARD OF DIRECTORS REPORT

MEETING DATE: APRIL 16, 2019 **AGENDA ITEM: #7**
DEPARTMENT: FINANCE
TYPE: ACTION ITEM
PREPARED BY: BRAD DAVIS _____
Signature
REVIEWED BY: GENERAL MANAGER _____
Signature
SUBJECT: FINANCIAL AUDIT SERVICES CONTRACT AWARD RECOMMENDATION

RECOMMENDATION:

Based upon the discussion that follows, staff recommends that the Board authorize award of a contract for Financial Audit Services to Brown Armstrong to perform the annual financial and compliance audits of the District for Fiscal Years 2018-19 and 2019-20 for a total price of \$79,980.

DISCUSSION:

Services Need & Description

Last February, the District was informed by McGowan Guntermann that it would be unable to carry out the District's financial audit for the current fiscal year ending this June 30. This was due to the retirement of Scott Davis, who has been the audit lead for the District for many years. It is staff's understanding that Mr. Davis was the only senior partner at the firm with government audit experience and MTD was also their only public sector client and that, as a result, McGowan Guntermann made the business decision to no longer provide services to the public sector.

The professional audit services fulfill two main requirements: one, to provide an opinion on whether the financial statements fairly present the financial position of the District; and two, to carry out more specialized compliance audits required by District funding providers. The results of the federal audit requirements are referred to as the Single Audit. The state requirements generally concern compliance with TDA and Proposition 1B statutes and requirements.

Solicitation Process

As the solicitation involves professional services, the request for proposals (RFP) process has been used in order to take into account qualifications and experience as well as cost. As the audit work typically begins two months before the end of the fiscal year (i.e., in May for the District), it has been necessary to accelerate the RFP process in order to make a contract award in April. To this end, staff research determined three CPA firms with the requisite experience, contacted them to verify their interest and ability to quickly respond and, subsequently, issued the RFP to them.

Proposals were received from the three firms by the deadline of last April 3 after which they were reviewed by staff for responsiveness to determine that all required materials, information and forms were provided. The firms were then reviewed for responsibility to determine each firms'

BOARD OF DIRECTORS REPORT

professional capacity to undertake the requirements of the contract. All three proposals/firms were found to be responsive/responsible and thus progressed to the proposal evaluation stage.

Proposal Evaluations

Staff sought the assistance of local government agencies to assist in the evaluation of the proposals. In addition to the District's Controller, the evaluation committee was comprised of Robert Samario, Finance Director for the City of Santa Barbara; and Tania Arnold, Chief Financial Officer of San Luis Obispo Regional Transit Authority. (Staff greatly appreciates their willingness to participate on short notice in the midst of budget season!)

There were three evaluation factors in descending order of importance: experience, price, and work plan. The committee members independently reviewed and scored each firm's proposal. There was a consensus among the reviewers concerning the relative scoring order of the firms as well as with the Brown Armstrong proposal receiving the highest score. As seen in the below table, the evaluators were for the most part very consistent across their scoring.

Proposing Firm	Evaluations			Average
	Evaluator 1	Evaluator 2	Evaluator 3	Score
Brown Armstrong	80.5	76.5	80.0	79.0
Moss, Levy & Hartzeim	68.0	65.5	78.5	70.7
Nigro & Nigro	50.0	60.0	56.0	55.3

The largest factors in Brown Armstrong receiving the highest marks is their extensive experience with transit agencies and a more comprehensive proposal clearly meeting the scope of services requirements. All the proposing firms have considerable experience with public agency audits, although both Moss, Levy & Hartzeim and Nigro & Nigro did not have much familiarity with public transit. Staff believes that based on the evaluation results that Brown Armstrong provides the District with the greatest value and therefore recommends awarding the firm a two-year contract.

Brown Armstrong was founded in 1985 and has offices in Bakersfield, Fresno, Laguna Hills and Stockton. The District would be served by the Bakersfield office.

Price Analysis

MTD has paid McGowan Guntermann a base fee of \$42,000 for the annual audit for a number of years. (Supplementary fees have been included in some years when the services required were deemed in excess of those estimated; the contract under consideration is for a firm, fixed price.) Although the Brown Armstrong annual price of \$39,990 exceeds that of the other firms, the prices were relatively bunched and ranged between \$36,500 for the first year and \$39,655 for the second year. Note that the evaluation scoring also took into account proposal prices. Given the close proximity of prices, staff believes the Brown Armstrong price to be fair and reasonable.

Contract Award & Execution

If contract award is authorized by the Board, staff will issue Brown Armstrong a "Notification of Contingent Award" indicating MTD's intent to execute a contract for the Financial Audit Services contingent upon receipt of required certificates of insurance. Once required documents are received the contract, which is attached, will be executed.

ATTACHMENT:

- Financial Audit Services Agreement with Brown Armstrong

Santa Barbara Metropolitan Transit District
Financial Audit Services

MASTER AGREEMENT with BROWN ARMSTRONG

THIS AGREEMENT is entered into by and between Santa Barbara Metropolitan Transit District, an incorporated transit district under Sections 95000, et seq. of the California Public Utilities Code ("MTD"), and Brown Armstrong Accountancy Corporation, a California Corporation ("Contractor"), at Santa Barbara, California, as of the later date set forth below the signatures executing this Agreement.

WHEREAS:

- A. MTD desires to engage Contractor to carry out financial audit services (the "Project");
- B. Contractor represents that it has the knowledge and experience to carry out the Project, and desires to carry out the Project pursuant to the terms and conditions hereof, and;
- C. Based upon the representations made by Contractor, MTD desires to retain the services of Contractor to carry out the aforesaid Project, upon the within terms and conditions.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

- 1. Effect of Recitals. The foregoing recitals are hereby made express provisions of this Agreement.
- 2. FTA Provisions. The Project is funded in part by the Federal Transit Administration of the U.S. Department of Transportation and, as such, this Agreement is subject to the terms and conditions contained in *Federal Transit Administration Contract Provisions* which is attached hereto as Exhibit "A" and incorporated herein by this reference.
- 3. Public Works Provisions. Not applicable to this agreement.
- 4. Scope of Services. MTD has heretofore issued on March 21, 2019, and modified on March 28, 2019, a scope of services contained in the Request for Proposals for Financial Audit Services, a true copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference.
- 5. Proposal. Contractor has heretofore submitted on April 3, 2019, a proposal to carry out the Project, true copies of relevant parts that are attached hereto as Exhibit "C" and incorporated herein by this reference.
- 6. Order of Control. Contractor shall carry out the Project described in Exhibit "B" to this Agreement for the price quoted in Exhibit "C". All work and services shall be performed according to and controlled by the terms and provisions of this Agreement and the exhibits attached hereto. In the event of any conflict between the contract documents, the following order of control shall prevail: MTD Master Agreement, Exhibit "A", Exhibit "B", Exhibit "C".
- 7. Contract Price & Term. Contractor shall carry out the Project for a fixed price of \$39,990 each year for the two fiscal years ending June 30, 2019, and June 30, 2020, which is in accordance with Exhibit "C".
- 8. Payment. Contractor shall submit invoice to MTD in accordance with a progress payment schedule to be determined. Payment from MTD shall be made to Contractor no later than thirty (30) days after receipt of a valid invoice, which shall be sent to Thais Sayat via email to tsayat@sbmtd.gov and copy to bdavis@sbmtd.gov.
- 9. Taxes. MTD is exempt from the payment of Federal Excise and Transportation taxes. Unless specified otherwise in the Agreement, MTD is subject to any applicable California Sales Tax for the City of Santa Barbara which shall have been included in the Contractor's proposal price and shall be included on the Contractor's invoice.
- 10. Project Schedule. To be determined.
- 11. Delivery & Freight. Not applicable to this Agreement.
- 12. Title & Risk of Loss. Not applicable to this Agreement.

13. Damages. All losses or damages arising from any unforeseen circumstances, either natural or artificial, which may be encountered by the Contractor during the performance of the Project under this Agreement shall be sustained solely by the Contractor. This provision shall also apply to losses or damages resulting from any act or omission not authorized by this Agreement on the part of the Contractor or any agent or person employed by the Contractor.

14. Defective, Damaged or Noncompliant Work. Any items, services, work or systems acquired pursuant to this Agreement found to be non-compliant with the scope of services shall be corrected by the Contractor without additional cost to MTD.

15. Acceptance. Not applicable to this Agreement.

16. Warranty. Not applicable to this Agreement.

17. Changes. Any changes or modifications to this Agreement must be in writing, and agreed to by both parties.

18. Insurance.

a. Contractor's Insurance Representations to MTD.

i. It is expressly understood and agreed that the insurance coverages required herein:

A. represent MTD's minimum requirements and are not to be construed to void or limit Contractor's indemnity obligations as contained in this Agreement nor represent in any manner a determination of the insurance coverages Contractor should or should not maintain for its own protection; and

B. are being, or have been, obtained by Contractor in support of Contractor's liability and indemnity obligations under this Agreement. Irrespective of the requirements as to insurance to be carried as provided for herein, the insolvency, bankruptcy, or failure of any insurance company carrying insurance of Contractor, or the failure of any insurance company to pay claims accruing, shall not be held to affect, negate, or waive any of the provisions of this Agreement.

ii. Failure to obtain and maintain the required insurance shall constitute a material breach of, and default under this Contract. If Contractor shall fail to remedy such breach within five (5) business days after written notice by MTD, Contractor will be liable for any and all costs, liabilities, damages and penalties resulting to MTD from such breach, unless a written waiver of the specific insurance requirement(s) is provided to Contractor by MTD. In the event of any failure to Contractor to comply with the provisions of this portion of the Agreement, MTD may, without in any way compromising or waiving any right or remedy at law or in equity, on notice to Contractor, purchase such insurance, at Contractor's expense, provided that MTD shall have no obligation to do so and if MTD shall do so, Contractor shall not be relieved of or excused from the obligation to obtain and maintain such insurance amounts and coverages.

b. Conditions Affecting All Insurance Required Herein.

i. Cost of Insurance. All insurance coverage shall be provided at Contractor's sole expense.

ii. Maintenance of Insurance. All insurance coverage shall be maintained in effect with limits not less than those set forth below at all times during the term of this Agreement.

iii. Status and Rating of Insurance Company. All insurance coverage shall be written through insurance companies admitted to do business in California and with a Best's Financial Strength Rating of A- or better, as shown in the on-line version of Best's Rating & Criteria Center.

iv. Restrictive, Limiting, or Exclusionary Endorsements. All insurance coverage shall be provided to Contractor Parties in compliance with the requirements herein and shall contain no endorsements that restrict, limit, or exclude coverage in any manner without the prior express written approval of MTD.

v. Limits of Liability. The limits of liability may be provided by a single policy of insurance or by a combination of primary and umbrella policies, but in no event shall the total limits of liability available for any one occurrence or accident be less than the amount required herein.

vi. Notice of Cancellation, Nonrenewal, or Material Reduction in Coverage. In the event of cancellation, nonrenewal, or material reduction in coverage affecting the certificate holder, thirty (30) days prior written notice shall be given to the certificate holder by certified mail, return receipt requested, except in the event of cancellation for nonpayment, in which event fifteen (15) days prior written notice shall be given. If

insurer will not include in its coverage such written notifications, it shall be incumbent upon Contractor to comply with such written notification requirements.

vii. Additional Insured Status. Additional insured status shall be provided in favor of MTD and its officers, employees and agents, including consultants, on all liability insurance required herein except workers' compensation/employer's liability and the certificate of insurance shall reflect same. Such additional insured coverage shall be primary to and shall seek no contribution from all insurance available to MTD, with MTD's insurance being excess, secondary, and noncontributing.

viii. Waiver of Subrogation. All insurance coverage carried by Contractor required herein shall provide a waiver of subrogation in favor of MTD for all loss covered by such insurance, and Contractor waives all rights of action against MTD for such loss.

ix. Primary Liability. All insurance coverage required herein shall be primary to and shall seek no contribution from all insurance available to MTD, with MTD's insurance being excess, secondary, and noncontributing. Where necessary, coverage shall be endorsed to provide such primary liability, and the certificate of insurance shall reflect same.

x. Deductible/Retention. All insurance required for this project shall have a maximum deductible or self-insured retention of \$10,000 per policy.

xi. Claims Against Aggregate. MTD must be notified in writing by Contractor at MTD's address set forth herein immediately upon knowledge of possible claims against Contractor that might cause a reduction below seventy-five (75%) of any aggregate limit of any primary policy.

c. Commercial General Liability Insurance.

i. Coverage. Such insurance shall cover liability arising out of all locations and operations of Contractor, including but not limited to liability assumed under this Agreement (including the tort liability of another assumed in a business contract). Defense shall be provided as an additional benefit and not included within the limit of liability.

ii. Form. Commercial General Liability Occurrence form, at least as broad as an unmodified ISO CG 00 01 10 93 or its equivalent.

iii. Amount of Insurance. Coverage shall be provided with limits of not less than:

A. Each Occurrence Limit	\$1,000,000
B. General Aggregate Limit	\$2,000,000
C. Product-Completed Operations Aggregate Limit	\$2,000,000
D. Personal and Advertising Injury Limits	\$1,000,000
E. Fire Damage (any one fire)	\$50,000
F. Medical Expense (any one person)	\$5,000

iv. Additionally Required Endorsements.

A. Personal Injury Liability: The personal injury contractual liability exclusion shall be deleted.

B. Primary Liability, as required in 18(b)(ix), above.

C. Continuing Commercial General Liability Insurance: Contractor shall maintain such insurance in identical coverage, form, and amount, including required endorsements, for at least three (3) years following the date of acceptance by MTD of the last bus built pursuant to this Agreement.

d. Auto Liability Insurance.

i. Coverage. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned).

ii. Form. Business Auto Form (at least as broad as an unmodified ISO CA 0001 or its equivalent).

iii. Amount of Insurance. Coverage shall be provided with a limit of not less than \$1,000,000, combined single limit.

e. Workers' Compensation/Employer's Liability Insurance.

i. Coverage. Such insurance shall cover liability arising out of Contractor's employment of workers and anyone for whom Contractor may be liable for workers' compensation claims. Workers' compensation insurance is required, and no "alternative" forms of insurance shall be permitted.

ii. Amount of Insurance. Coverage shall be provided with a limit of not less than:

A. Workers' Compensation: Statutory limits

B. Employer's Liability: \$1,000,000 each accident and disease.

f. Professional Errors & Omissions Liability Insurance.

i. Coverage. Such insurance shall cover claims alleged to arise out of the negligent performance of Contractor's professional services.

ii. Amount of Insurance. Coverage shall be provided with a limit of not less than \$1,000,000 annual aggregate.

19. Bonding. Not applicable to this Agreement.

20. Termination. For applicable terms, refer to Paragraph 21 (Termination) in the *Federal Transit Administration Contract Provisions* which are attached hereto as Exhibit "A".

21. Liquidated Damages. Not applicable to this Agreement.

22. Infringement of Patents. The Contractor agrees that it will, at its own expense, defend all suits and proceedings instituted against MTD and pay any award of damages assessed against MTD in such suits or proceedings, insofar as the same are based upon any claim that the items, services, work, systems, or any part thereof, or any tool, or process used in or for the Project, constitutes an infringement of any legal United States copyright or patent. MTD agrees that it will give the Contractor prompt notice in writing of the institution of the suit or proceeding and permits the Contractor through its counsel to defend the same and gives the Contractor all information, assistance and authority necessary for the Contractor to do so. In case said items, services, work, systems, or any part thereof, or any tool, or process used in or for the Project, is in such suit held to constitute infringement and use of same is enjoined, the Contractor shall, at its own expense and at its option, either procure for the MTD the right to continue using said items, services, work, systems, or any part thereof, or any tool, or process used in or for the Project, or replace same with non-infringing equipment, or modify it so it becomes non-infringing.

23. Rights in Data. Not applicable to this Agreement.

24. Indemnification. The Contractor shall, to the extent permitted by law protect, indemnify, defend, and hold MTD and its officers, employees and agents, including consultants, harmless from and against any and all liabilities, damages, claims, demands, liens, encumbrances, judgments, awards, losses, costs, expenses, and suits or actions or proceedings, including reasonable expenses, costs and attorneys' fees incurred by MTD and its officers, employees and agents, including consultants, in the defense, settlement or satisfaction thereof, for any injury, death, loss or damage to persons or property of any kind whatsoever, arising out of, or resulting from, the acts, errors or omissions of the Contractor, including acts, errors or omissions of its officers, employees, servants, agents, subcontractors and suppliers; and upon receipt of notice and if given authority, shall settle at its own expense or undertake at its own expense the defense of any such suit, action or proceeding, including appeals, against the MTD and its officers, employees and agents, including consultants, relating to such injury, death, loss or damage. Each party shall promptly notify the other in writing of the notice or assertion of any claim, demand, lien, encumbrance, judgment, award, suit, action or other proceeding hereunder. The Contractor shall have sole charge and direction of the defense of such suit, action or proceeding. The MTD shall not make any admission which might be materially prejudicial to the Contractor unless the Contractor has failed to take over the conduct of any negotiations or defense within a reasonable time after receipt of the notice and authority above provided. The MTD shall at the request of the Contractor furnish to the Contractor all reasonable assistance that may be necessary for the purpose of defending such suit, action or proceeding, and shall be repaid all reasonable costs incurred in doing so. The MTD shall have the right to be represented therein by advisory counsel of its own selection at its own expense. The obligations of the Contractor under this clause shall not extend to circumstances where the injury, or death, or damages is caused solely by the negligent acts, errors or omissions of the MTD, its officers, employees, agents or consultants, including

negligence in the preparation of the Contract documents, or the giving of directions or instructions with respect to the requirements of the Contract by written order.

25. Notice. Notices in connection with this Agreement shall be made in writing and may be delivered either personally, by governmental postal service (regular, certified or registered), by private delivery service, or by email. Receipt shall be deemed to have occurred when actually made to the party or its designated agent. Such notices shall be properly addressed to the intended party as follows:

MTD:

Jerry Estrada, General Manager
 Santa Barbara Metropolitan Transit District
 550 Olive Street
 Santa Barbara, CA 93101
 Email: jestrada@sbmtd.gov

CONTRACTOR:

Ryan L. Nielsen, Partner
 Brown Armstrong
 4200 Truxton Avenue, Suite 300
 Bakersfield, CA 93309
 Email: rnielsen@bacpas.com

26. Attorney Fees and Costs. In the event of a controversy (including, but not limited to arbitration or an criminal or civil filing in a Federal Court or a court of any of the United States) between the parties with respect to the enforcement or interpretation of this Agreement, the prevailing party in such controversy shall be entitled to receive, in addition to such other award as the court may deem appropriate, full reimbursement for its court costs and reasonable attorney fees incurred therein.

27. Negation of Partnership. This Agreement creates a relationship between two independent contractors and does not, nor may it be interpreted to, create the relationship of joint venturers, partners, employee/employer, or any other business relationship.

28. No Assignment. This Agreement is not assignable by either party, and any attempt by either party to assign its obligations hereunder shall be void ab initio at the election of the other party, which election may be made by written notice within ten (10) days of the non-assigning party's receipt of actual knowledge of such attempted assignment. Notwithstanding the foregoing, at the election of the other party, the obligations and burdens of a party shall bind and apply to any permitted successor in interest or assignee of the business and/or operations of a party.

29. Partial Invalidity. In the event that any portion of this Agreement or any provision hereof shall be deemed as invalid as contrary to applicable law, the balance of this Agreement shall be enforced according to its term, and that portion found unenforceable shall be interpreted and enforced to the extent it may be within said applicable laws.

30. Disputes. This Agreement shall be construed and all disputes arising therefrom shall be settled in accordance with the laws of the State of California. Venue for any dispute arising under this Agreement shall be in Santa Barbara, California. Any controversy or claim arising out of or relating to this Agreement shall be resolved by binding arbitration before a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”) then pertaining (available at www.adr.org), except where those rules conflict with this provision, in which case this provision controls. Any court with jurisdiction shall enforce this clause and enter judgment on any award. The arbitrator shall be selected within twenty business days from commencement of the arbitration from the AAA’s National Roster of Arbitrators pursuant to agreement or through selection procedures administered by the AAA. Within 45 days of initiation of arbitration, the Parties shall reach agreement upon and thereafter follow procedures, including reasonable limits on discovery, assuring that the arbitration will be concluded and the award rendered within no more than eight months from selection of the arbitrator or, failing agreement, procedures meeting such time limits will be designed by the AAA and adhered to by the Parties. The arbitration shall be held in Santa Barbara, California and the arbitrator shall apply the substantive law of California, except that the interpretation and enforcement of this arbitration provision shall be governed by the Federal Arbitration Act. Prior to commencement of arbitration, emergency relief is available from any court to avoid irreparable harm. **THE ARBITRATOR SHALL NOT AWARD EITHER PARTY PUNITIVE, EXEMPLARY, MULTIPLIED OR CONSEQUENTIAL DAMAGES.** Prior to commencement of arbitration, however, the Parties must attempt to mediate their dispute using a professional mediator from AAA, the CPR Institute for Dispute Resolution, or like organization selected by agreement or, absent agreement, through selection procedures administered by the AAA. Within a period of 45 days after the request for mediation, the Parties agree to convene with the mediator, with business representatives present, for at least one session to attempt to resolve the matter. In

no event will mediation delay commencement of the arbitration for more than 45 days absent agreement of the Parties or interfere with the availability of emergency relief.

31. Prohibited Interest. The parties hereto covenant and agree that to their knowledge no board member, officer, or employee of MTD, during his/her tenure or for one year thereafter, has any interest, whether contractual, non-contractual, financial or otherwise, in this transaction, or in the business of a contracting party other than MTD. If any such interest comes to the knowledge of either party at any time, a full and complete disclosure of all such information will be made in writing to the other parties, even if such interest would not be considered a conflict of interest under Article 4, Chapter 1, Divisions 4 and 4.5, Title I of the Government Code of the State of California.

32. Compliance with Laws and Regulations. Contractor shall warrant that in the performance of work under contract to MTD that they shall comply with all applicable federal, state and local laws and ordinances, and all lawful orders, rules, and regulations thereunder.

33. Audit and Inspection of Records. The Contractor shall agree that all materials supplied and services performed under the Project, facilities used in connection therewith, and records and documentation thereunto appertaining shall be subject to inspection, test, or audit by duly authorized representatives of MTD and the State of California. The Contractor agrees to maintain all required records relating to the Project for at least three years after MTD makes final payment and all other pending matters are closed.

34. Equal Employment Opportunity. For applicable terms, refer to Paragraph 24 (Civil Rights Requirements) in the *Federal Transit Administration Contract Provisions* which are attached hereto as Exhibit "A".

35. Entire Agreement. This Agreement and its attached exhibits constitute the entire agreement between the parties and shall be deemed to supersede and cancel any and all previous representations, understandings, or agreements between MTD and Contractor as to the subject matter hereof. This Agreement may only be amended by an instrument in writing signed by the parties.

36. No Waiver. The failure of either party at any time to require performance by the other party of any provision of this Agreement shall in no way affect that party's right to enforce such provisions, nor shall the waiver by either party of any breach of any provision of this Agreement be taken or held to be a waiver of any further breach of the same provision.

37. Counterparts & Email. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. The parties agree that a scanned and emailed signature may substitute for and have the same legal effect as the original signature.

38. Qualifications. Contractor or Contractor's representative (Contractor) certifies that Contractor is qualified to do business and is in good standing in the State of California, and that Contractor has authority to enter into and perform its obligations under this Agreement, which constitutes a valid and binding obligation of Contractor.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed.

Santa Barbara MTD

Brown Armstrong

Jerry Estrada, General Manager

Ryan L. Nielsen, Partner

Date

Date

FEDERAL TRANSIT ADMINISTRATION

CONTRACT PROVISIONS

Financial Audit Service: Brown Armstrong Accountancy Corporation

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1. **FLY AMERICA REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**
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5. **SEISMIC SAFETY REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**
6. **ENERGY CONSERVATION REQUIREMENTS**

The Contractor agrees to comply with mandatory standards and policies relating to energy efficiency, which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act. The Contractor agrees to include the requirements of this section in all subcontracts.

7. **CLEAN WATER REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**
8. **BUS TESTING (NOT APPLICABLE TO AGREEMENT)**
9. **PRE-AWARD & POST-DELIVERY AUDIT REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**
10. **LOBBYING (NOT APPLICABLE TO AGREEMENT)**
11. **ACCESS TO RECORDS & REPORTS**

(a) The Contractor agrees to provide MTD, the FTA Administrator, the Comptroller General of the United States or any of their authorized representatives access to any books, documents, papers and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions. Contractor also agrees, pursuant to 49 CFR 633.17 to provide the FTA Administrator or his authorized representatives including any PMO Contractor access to Contractor's records and construction sites pertaining to a major capital project, defined at 49 U.S.C. 5302(a)1, which is receiving federal financial assistance through the programs described at 49 U.S.C. 5307, 5309 or 5311.

(b) If contract is for a capital project or improvement (defined at 49 U.S.C. 5302(a)1) through other than competitive bidding, the Contractor shall make available records related to the contract to MTD, the Secretary of Transportation and the Comptroller General or any authorized officer or employee of any of them for the purposes of conducting an audit and inspection.

(c) The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

(d) The Contractor agrees to maintain all books, records, accounts and reports required under this contract for a period of not less than three years after the date of termination or expiration of this contract, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case Contractor agrees to maintain same until MTD, the FTA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. Reference 49 CFR 18.39(i)(11).

12. FEDERAL CHANGES

The Contractor shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the Master Agreement

between MTD and FTA, as they may be amended or promulgated from time to time during the term of this contract. Contractor's failure to so comply shall constitute a material breach of this contract.

13. BONDING REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)

14. CLEAN AIR (NOT APPLICABLE TO AGREEMENT)

15. RECYCLED PRODUCTS (NOT APPLICABLE TO AGREEMENT)

16. DAVIS-BACON & COPELAND ANTI-KICKBACK ACTS (NOT APPLICABLE TO AGREEMENT)

17. CONTRACT WORK HOURS & SAFETY STANDARDS ACT (NOT APPLICABLE TO AGREEMENT)

18. [RESERVED]

19. NO GOVERNMENT OBLIGATIONS TO THIRD PARTIES

(a) MTD and Contractor acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying contract, absent the express written consent by the Federal Government, the Federal Government is not a party to this contract and shall not be subject to any obligations or liabilities to MTD, Contractor, or any other party (whether or not a party to that contract) pertaining to any matter resulting from the underlying contract.

(b) The Contractor agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

20. PROGRAM FRAUD & FALSE OR FRAUDULENT STATEMENTS & RELATED ACTS

a) The Contractor acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. § 3801 et seq. and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 CFR Part 31, apply to its actions pertaining to this Project. Upon execution of the underlying contract, the Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying contract or the FTA assisted project for which this contract work is being performed. In addition to other penalties that may be applicable, the Contractor further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the Contractor to the extent the Federal Government deems appropriate.

(b) The Contractor also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307(n)(1) on the Contractor, to the extent the Federal Government deems appropriate.

(c) The Contractor agrees to include the above two clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.

21. TERMINATION

(a) Termination for Convenience: MTD, by written notice, may terminate this contract, in whole or in part, when it is in the Government's interest. If this contract is terminated, MTD shall be liable only for payment

under the payment provisions of this contract for services rendered before the effective date of termination.

(b) Termination for Default

(1) If the Contractor fails to perform the services, within the time specified in this contract or any extension or if the Contractor fails to comply with any other provisions of this contract, MTD may terminate this contract for default. MTD shall terminate by delivering to the Contractor a Notice of Termination specifying the nature of default. The Contractor will only be paid the contract price for services performed in accordance with the manner of performance set forth in this contract.

(2) If this contract is terminated while the Contractor has possession of MTD goods, the Contractor shall, upon direction of MTD, protect and preserve the goods until surrendered to MTD or its agent. The Contractor and MTD shall agree on payment for the preservation and protection of goods. Failure to agree on an amount will be resolved under the Dispute clause.

(3) If, after termination for failure to fulfill contract obligations, it is determined that the Contractor was not in default, the rights and obligations of parties shall be the same as if the termination had been issued for the convenience of MTD.

(c) Opportunity to Cure: MTD in its sole discretion may, in the case of a termination for breach or default, allow the Contractor ten (10) days in which to cure the defect. In such case, the notice of termination will state the time period in which cure is permitted and other appropriate conditions. If Contractor fails to remedy to MTD's satisfaction the breach or default of any of the terms, covenants, or conditions of this Contract within ten (10) days after receipt by Contractor of written notice from MTD setting forth the nature of said breach or default, MTD shall have the right to terminate the Contract without any further obligation to Contractor. Any such termination for default shall not in any way operate to preclude MTD from also pursuing all available remedies against Contractor and its sureties for said breach or default.

(d) Waiver of Remedies for any Breach: In the event that MTD elects to waive its remedies for any breach by Contractor of any covenant, term or condition of this Contract, such waiver by MTD shall not limit MTD's remedies for any succeeding breach of that or of any other term, covenant, or condition of this Contract.

22. GOVERNMENT-WIDE DEBARMENT & SUSPENSION

This contract is a covered transaction for purposes of 49 CFR Part 29. As such, the Contractor is required to verify that none of the Contractor, its principals, as defined at 49 CFR 29.995, or affiliates, as defined at 49 CFR 29.905, are excluded or disqualified as defined at 49 CFR 29.940 and 29.945. The Contractor is required to comply with 49 CFR 29, Subpart C and must include the requirement to comply with 49 CFR 29, Subpart C in any lower tier covered transaction it enters into. By signing and submitting its bid or proposal, the bidder or proposer certifies as follows: The certification in this clause is a material representation of fact relied upon by MTD. If it is later determined that the bidder or proposer knowingly rendered an erroneous certification, in addition to remedies available to MTD, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The bidder or proposer agrees to comply with the requirements of 49 CFR 29, Subpart C while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

23. PRIVACY ACT (NOT APPLICABLE TO AGREEMENT)

24. CIVIL RIGHTS REQUIREMENTS

(a) Nondiscrimination: In accordance with Title VI of the Civil Rights Act, as amended, 42 U.S.C. § 2000d, section 303 of the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6102, section 202 of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12132, and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability. In addition, the Contractor agrees to

comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.

(b) Equal Employment Opportunity: The following equal employment opportunity requirements apply to the underlying contract:

(1) Race, Color, Creed, National Origin, Sex: In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, and Federal transit laws at 49 U.S.C. § 5332, the Contractor agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," 41 CFR Parts 60 et seq., (which implement Executive Order No. 11246, "Equal Employment Opportunity," as amended by Executive Order No. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," 42 U.S.C. § 2000e note), and with any applicable Federal statutes, executive orders, regulations, and Federal policies that may in the future affect construction activities undertaken in the course of the Project. The Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

(2) Age: In accordance with section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § § 623 and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

(3) Disabilities: In accordance with section 102 of the Americans with Disabilities Act, as amended, 42 U.S.C. § 12112, the Contractor agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 CFR Part 1630, pertaining to employment of persons with disabilities. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

The Contractor agrees to include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

25. BREACHES & DISPUTE RESOLUTION

Paragraph 30 of the *MTD Master Agreement* regarding disputes shall be deemed satisfactory to meet the federal requirements for dispute resolution. The Contractor agrees to include the requirements of said Paragraph 30 in all subcontracts.

26. PATENT & RIGHTS IN DATA (NOT APPLICABLE TO AGREEMENT)

27. TRANSIT EMPLOYEE PROTECTIVE AGREEMENTS (NOT APPLICABLE TO AGREEMENT)

28. DISADVANTAGED BUSINESS ENTERPRISE (DBE)

(a) This contract is subject to the requirements of Title 49, Code of Federal Regulations, Part 26, Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs. The national goal for participation of Disadvantaged Business Enterprises (DBE) is 10%. MTD's overall goal for DBE participation is 2.9%. A separate contract goal has not been established for this procurement.

(b) The Contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The Contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of this DOT-assisted contract. Failure by the Contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or

such other remedy as MTD deems appropriate. Each subcontract the Contractor signs with a subcontractor must include the assurance in this paragraph (see 49 CFR 26.13(b)).

(c) The Contractor is required to pay its subcontractors performing work related to this contract for satisfactory performance of that work no later than 30 days after the Contractor's receipt of payment for that work from the MTD. In addition, the Contractor may not hold retainage from its subcontractors.

(d) Contractor must promptly notify MTD whenever a DBE subcontractor performing work related to this contract is terminated or fails to complete its work, and must make good faith efforts to engage another DBE subcontractor to perform at least the same amount of work. The Contractor may not terminate any DBE subcontractor and perform that work through its own forces or those of an affiliate without prior written consent of MTD.

29. [RESERVED]

30. INCORPORATION OF FEDERAL TRANSIT ADMINISTRATION (FTA) TERMS

The preceding provisions include, in part, certain Standard Terms and Conditions required by DOT, whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in FTA Circular 4220.1E, are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any MTD requests which would cause MTD to be in violation of the FTA terms and conditions. The Contractor agrees to include the requirements of this section in all subcontracts.

31. DRUG & ALCOHOL TESTING (NOT APPLICABLE TO AGREEMENT)

32. INTELLIGENT TRANSPORTATION SYSTEM (ITS) (NOT APPLICABLE TO AGREEMENT)

Intelligent transportation system (ITS) property and services shall comply with the National ITS Architecture and Standards to the extent required by Section 5307(c) of SAFETEA-LU, FTA Notice, "FTA National ITS Architecture Policy on Transit Projects," 66 FR 1455 *et seq.*, January 8, 2001, and later published policies or implementing directives FTA may issue.

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
Financial Audit Services
SCOPE OF SERVICES

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SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
Financial Audit Services
SCOPE OF SERVICES

I. INTRODUCTION & BACKGROUND

A. INTRODUCTION

This Scope of Services specifies the requirements for an annual independent financial audit (Audit) of the Santa Barbara Metropolitan Transit District (MTD) in accordance with applicable accounting, federal, and state laws, regulations, standards, etc. The Auditor shall be a CPA firm licensed by the California State Board of Accountancy experienced in California special district transit agency audits.

The Auditor shall provide all necessary resources including, but not limited to, qualified personnel, software, hardware, internet access, licenses, equipment and supplies necessary to carry out the Audit for the fixed annual price(s) and fiscal year(s) indicated in the MTD Master Agreement. The first audit year will be MTD's 2018-2019 fiscal year that ends June 30, 2019.

B. GENERAL INFORMATION

1. MTD is a California Special District created by state law in 1965 to provide public mass transit services to the South Coast of Santa Barbara as codified in the Public Utilities Code 95000 et. seq.
2. MTD is governed by a Board of Directors made up of seven members. Two members are appointed by the County Board of Supervisors, two by the Santa Barbara City Council, one by the Goleta City Council, and one by the Carpinteria City Council. The seventh "at-large" member is appointed by the other six members of the Board. The Board normally meets at 8:30 AM on the first and third Tuesday of each month except during August and December when there are no scheduled meetings.
3. The Auditor is working on behalf of and ultimately reports to the MTD Board of Directors. The Audit is under the purview of Finance, Risk & Human Resources Committee, comprised of three members of the Board.
4. MTD currently provides fixed route bus service. ADA paratransit service is provided under contract with a local non-profit agency. The ADA contractor is not subject to the Audit specified herein.
5. MTD's service area is 52 square miles and includes the cities of Santa Barbara, Goleta, and Carpinteria; and the unincorporated portion of the County of Santa Barbara between such cities including the areas of Montecito and Summerland. The region is commonly referred to as the South Coast of Santa Barbara County.
6. MTD currently operates a fleet of 112 transit buses including 30-, 40-, and 60-foot models powered by diesel, battery-electric, and hybrid diesel-electric engines and motors. There are no fixed guideway or Bus Rapid Transit services provided by MTD.
7. MTD currently has about 230 employees. Bus operators, driver supervisors, mechanics and service workers are represented by the Teamsters Local 186. The current three-year collective bargaining agreement expires June 30, 2019. Other than the General Manager, staff and management are unrepresented at-will employees.
8. MTD's transit-related facilities include:
 - a. Administrative, Operations, and Maintenance Facility located at 550 Olive Street, Santa Barbara, CA, 93101.
 - b. The Transit Center, MTD's primary passenger facility, located at 1020 Chapala Street, Santa

Barbara, CA 93101.

- c. A second limited operations facility slated to be reopened in late 2019, at 5353 Overpass Road, Goleta, CA 93111.

C. FINANCIAL & DATA SYSTEM INFORMATION

1. Fund Accounting – MTD’s financial statements are prepared using proprietary (enterprise) fund accounting. MTD operates under one enterprise fund using an economic resources measurement focus and the accrual basis of accounting.
1. Budget – The approved MTD operating budget for Fiscal Year 2018-19 (FY18-19) is \$26.3 million. The capital budget is \$20.5 million. The budget for FY19-20 is scheduled for approval in June 2019.
2. Pension Plans –MTD contributes to the Western Conference Teamsters Pension Trust on behalf of represented employees. Pension benefits for staff and management are through the MTD 401(k) Salary Deferral Plan & Trust. MTD is not a member of CalPERS.
3. OPEB – In FY16-17, MTD began prefunding its OPEB liability for retiree health benefits with the establishment of a \$1 million irrevocable trust with the California Employers Retiree Benefit Trust (CERBT) which is managed by CALPERS. The Board authorized an additional \$500,000 of prefunding in FY 17-18. Approximately 50% of the estimated \$2.9 million OPEB obligation at the end of FY 17-18 is funded. The biennial OPEB actuarial valuation will take place this summer.
4. Accounting Software – MTD uses the SBT Pro Series 5.0i accounting system for recording and maintaining its financial transactions and database. The SBT software, developed using Microsoft FoxPro, has been in use since 1994. SBT is linked to Trapeze Timekeeper for importing driver payroll and Trapeze EAM for importing bus parts purchase order and inventory data. Given its limited functionality, SBT data is exported to custom built Microsoft Access databases and Microsoft Excel workbooks that are used primarily for expanded analysis and reporting capabilities.

II. CONTACTS & COMMUNICATIONS

A. MTD CONTACTS

The Auditor is working on behalf of and ultimately reports to the MTD Board of Directors. The Audit is under the purview of the Finance, Risk & Human Resources Committee, comprised of three members of the MTD Board. The following MTD personnel will in varying degrees participate in the Audit:

1. Chief Executive Officer
 - a. Jerry Estrada, General Manager
2. Finance Department
 - a. Brad Davis, Assistant General Manager-Controller (CFO)
 - b. Thais Sayat, Assistant Controller (audit lead)
 - c. Liz De La Torre, Manager of Accounting
 - d. Diana Flores, Accounting Assistant
 - e. Claire Patterson, Accounting Assistant
3. Other Departments
 - a. Mary Gregg, Manager of Human Resources & Risk
 - b. Steve Maas, Government Relations & Compliance Manager
 - c. Tom Sheldon, Manager of IT Systems
 - d. Steve Hahn, Material Control Manager

B. COMMUNICATIONS & MEETINGS

1. Communications

- a. Generally, any communications requesting, delivering, or complying with actions, financial information, documents, and any other items concerning the Audit shall be via email between MTD and the Auditor with appropriate attachments. There may be exceptions such as when original documents and signatures are required.
- b. Meetings and telephone communications concerning audit matters shall be memorialized in a follow-up email unless of a trivial nature.
- c. Thais Sayat, Assistant Controller, shall lead the Audit for MTD. Unless indicated otherwise, all communications and coordination of audit activities shall be through Ms. Sayat with a copy to Brad Davis, Assistant General Manager-Controller. If Ms. Sayat is unavailable, communications shall be through Mr. Davis with emails copied to Ms. Sayat.

2. Meetings & Presentations

- a. If desired by the Finance, Risk & Human Resources Committee or the General Manager, the Auditor shall meet with the Committee or General Manager prior to the start of the Audit to review the Audit objectives and process or to communicate any particular audit goals or emphasis. The Auditor shall be available for additional meetings with such parties as requested.
- b. Following acceptance of the engagement letter by MTD and prior to the start of the Audit, there shall be a “kick-off meeting between key personnel of the Auditor and MTD. Prior to the meeting, the Auditor shall provide a proposed audit schedule with dates, and a list of items and other needs required by the Auditor to carry out the Audit.
- c. There shall be at least biweekly meetings in person or by phone between the MTD Assistant Controller and the designated Auditor representative to review the progress of the Audit to ensure compliance with the Audit schedule to the extent feasible. The Auditor shall provide a follow-up email report by the end of the following business day on key matters and decisions.
- d. MTD and Auditor representatives shall be available for meetings or telephone calls as needed to carry out the Audit and meet the Audit objectives including a review of draft Audit deliverables.
- e. The Auditor shall make formal presentations on the results of the Audit to the Finance, Risk & Human Resources Committee and the Board of Directors in open public meetings. It is anticipated that there will be only one presentation to each body but more may be required.

III. AUDITING STANDARDS & RESPONSIBILITIES

It is not the purpose of this Scope of Services to provide a complete description of the requirements of the Audit but rather to outline the process and deliverables as understood by MTD as well as to specify other MTD requirements. It is fully the responsibility of the Auditor to be aware of, comply with, and carry out applicable financial auditing requirements for a California special district public transit agency including the audit requirements of the state and federal agencies, programs and grants that provide funding. If anything in this Scope of Services appears to differ from the requirements of the Audit, the Auditor shall bring such discrepancies to the attention of MTD for clarification and/or correction.

A. AUDITING STANDARDS

The Audit shall be performed in accordance with the current applicable versions of:

1. Generally Accepted Auditing Standards promulgated by the AICPA
2. Government Auditing Standards issued by the Comptroller General of the United States
3. Office of Management & Budget Circular A-133 “Audits of State and Local Governments”

4. Applicable pronouncements or other issuances of the Governmental Accounting Standards Board
5. California Code of Regulations pertaining to Transportation Development Act audits

B. MTD RESPONSIBILITIES

MTD Finance staff shall:

1. Provide Auditor with all financial data, records, transaction listings, reports, schedules, spreadsheets, procedures, support documentation, contracts, etc. required for the Auditor to perform the Audit.
2. Prepare and retain responsibility for the accuracy of all financial statements, footnotes, pension schedules, and required supplementary information subject to the Audit.
3. Prepare Management Discussion and Analysis for inclusion in the Audit document.
4. Provide Auditor with requested contact information for MTD financial institutions; attorneys; local, state and federal funding agencies, creditors, etc. as needed for confirmation of assets and liabilities.
5. Arrange the availability of MTD staff members for meetings and interviews with the Auditor as needed for carrying out the Audit.
6. Carry out an inventory of MTD's bus parts inventory with an approximate value of \$1.1 million at the end of each fiscal year.
7. Engage actuarial firm(s) for determination and completion of workers' compensation and OPEB actuarially determined year-end liability valuation reports and provide such to the Auditor.
8. Prepare and provide the above items in a timely manner to meet the established Audit schedule.

C. AUDITOR RESPONSIBILITIES

Notwithstanding the Auditor's ultimate responsibility for carrying out the Audit in compliance with all requisite audit standards and requirements, the Auditor shall:

1. Complete the Audit such that the Auditor presentation to the Board of Directors shall be no later than the third Tuesday of the October following the end of the fiscal year.
2. Prepare Audit schedule and list of all financial data, records, transaction listings, reports, schedules, spreadsheets, procedures, support documentation, contracts, etc. to be provided by MTD to the Auditor in order to properly perform the Audit.
3. Review MTD's internal control structure and assess control risk to determine the extent of auditing procedures necessary to express an opinion on the financial statements; and without expressing an opinion on internal controls, report any material weaknesses identified as a result of the review.
4. Carry out tests of documentary evidence supporting the transactions recorded in the accounts which may include tests of the physical existence of assets and inventories; and require confirmation of accounts receivables and other pertinent assets and liabilities from third parties that may include individuals, financial institutions, attorneys, creditors, or local, state and federal funding agencies.
5. Interview appropriate MTD employees as necessary or required for carrying out the Audit. Such interviews may be through MTD completion of Auditor forms, surveys or questionnaires to the extent that such completion is not the responsibility of the Auditor.
6. As needed, make MTD aware of accounting standards, principles, requirements, etc., including the application thereof, for MTD to accurately prepare the financial statements and associated items.
7. Using financial and other information provided by MTD, prepare all required reports, documents, letters, etc. including but not limited to those deliverables listed in Section IV below.
8. Maintain Audit working papers for a minimum of three years from the date of the Audit. Upon any request for such working papers by cognizant state, or federal agency, Auditor shall inform MTD of

such request and make the working papers available to the agency to the extent required.

9. Report and provide an opinion on MTD compliance, in all material respects, with laws and regulations that apply to major federal financial assistance programs. Regarding transactions for non-major programs, compliance report will contain a statement of positive and negative assurances.

IV. AUDIT DELIVERABLES

A. REPORTS & DOCUMENTS LISTING

The Auditor shall prepare the following items for MTD's Annual Financial Report and Compliance Reports, or as independent documents:

1. Annual Financial Report
 - a. Independent Auditor's Report
 - b. Management Discussion and Analysis
 - c. Financial Statements
 - i. Statements of Net Position
 - ii. Statements of Revenue, Expenses and Change in Net Position
 - iii. Statements of Expenses
 - iv. Statements of Cash Flows
 - d. Notes to Financial Statements
 - e. Required Supplementary Information
2. Compliance Reports
 - a. Report on Internal Controls (without an opinion)
 - b. Schedule of Expenditures of Federal Awards
 - c. Notes to Schedule of Expenditures of Federal Awards
 - d. Report on Compliance and on Internal Control over Financial Reporting in accordance with Government Auditing Standards
 - e. Report on Compliance with Requirements applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133
 - f. Federal Schedule of Findings and Questioned Costs
 - g. Report including an opinion on compliance with the California Transportation Development Act
 - h. Report on compliance with the California Proposition 1B Program for PTMISEA and OHS funds
3. Other Documents
 - a. Management Letter including findings and recommendations
 - b. Management Representation Letter (prepare on behalf of MTD for MTD signature)
 - c. Auditor's Communication with Those Charged with Governance (AICPA SAS No. 114)

B. FORMATS & QUANTITIES

1. The Auditor shall provide MTD with one (1) electronic copy in PDF format of all deliverables.
2. The Auditor shall provide MTD with fifteen (15) separately bound hardcopies of the Annual Financial Report and the Compliance Reports.

To: MTD Board of Directors
From: Jerry Estrada, General Manager
Date: April 16, 2019
Subject: General Manager's Report

Operations, Fleet & Facilities

This month Santa Barbara has one cruise ship visit; there are two more scheduled in the next few weeks. This is the tail-end of the cruise ship visitation season and, depending on the line, MTD will add additional shuttles and supervision for the influx of visitors within the waterfront/State Street area. Incidentally, crowds of passengers have mentioned they really enjoy the new BYD electric buses.

We would like to congratulate our two newest Operators-in-Training, Eddie Martinez and Mark Brewer, who successfully completed all their training and licensing requirements.

As of this week 12 of the 14 BYD buses on site are up and running in service. We took delivery of the last BYD bus on March 29, 2019. There was an issue with the registration on the last two BYDs, which has now been resolved. The 13th BYD will be going in service this week with the 14th currently in process.

The new 40' Gillig bus deliveries are complete and all ten buses are in service exhibiting only minor issues normally seen with new buses. The last Nova 40' bus has been retired and is pending shipment to auction. Bus 710 is currently in the shop receiving a new long block engine. The old engine developed severe blow-by at 140,000 miles. Hybrid Bus 903 remains at Valley Power Systems since February 22, 2019, for further troubleshooting and repair of its hybrid system.

A Thermo King technician from Gold Coast Transport Refrigeration has been on a regular PM schedule working on the AC-equipped buses in preparation for summer. Thus far, he has completed PM's and repairs to 34 of 36 buses equipped with A/C.

Plug-and-play LED tube replacements swapped out with older florescent tubes in the shop continue to improve shop lighting for our Mechanics. LED retrofits for the exterior light poles have been ordered to improve yard lighting and reduce energy consumption.

We received quotes for the replacement Gasboy fuel management system reflecting Sourcewell member pricing. MTD staff are currently reviewing the quotes and are in discussions regarding the possibility of utilizing the cloud based software option.

Southern California Edison (SCE) personnel are scheduled to visit MTD on April 11 to discuss MTD's eligibility for Charge Ready Program funds for the light-duty fleet. The meeting will include program information and an analysis of MTD's existing electrical infrastructure.

MTD partnered with Montebello Bus Lines on a joint procurement for rolling stock. The Request for Proposals (RFP), led by Montebello Bus Lines, will name MTD as a party to the contract awarded to the bus manufacturer providing the best value in response to the solicitation. MTD will be able to purchase battery electric buses from the contract during the 5-year contract term. Montebello Bus Lines anticipates awarding a contract in fall 2019.

Administration

Interim Planning and Marketing Manager Hillary Blackerby is presenting August Service Change information at the COAST General Meeting, Eastside Neighborhood Meeting, and the Isla Vista Community Services District Board Meeting. To read details and give feedback on the proposed changes, the public can visit www.sbmtd.gov/servicechanges.

On March 21, staff attended a Goleta Train Station Master Plan meeting facilitated by Rincon Consultants and Steer. The Master Plan will facilitate future construction of a new multi-modal train station and track improvements. The meeting discussed preliminary plans for amenities to be included in the project.

Staff met with UCSB representatives on March 21 to discuss UCSB funding for enhanced Line 28 service. UCSB staff was amenable to provide funding to add a bus to this popular route, which serves Camino Real Marketplace, Isla Vista, and UCSB.

On March 26, 2019, staff participated in an interview panel to assist the Ventura County Transportation Commission (VCTC) in selecting a consultant to conduct a Transportation Emergency Preparedness Plan (TEPP). The panel recommended that VCTC staff complete a responsibility analysis of the two top-ranked proposals and then select one of the two.

On April 3, 2019, staff participated in the scoring meeting for applications for funding from the Measure A South Coast Bike and Pedestrian and Safe Routes to School programs. The joint MTD and Goleta project that includes improvements to bus stops and traffic flow in the area of the intersection of Storke Road and Hollister Avenue was one of the projects selected for funding. This project to improve this highly impacted intersection, which also serves as an important transfer point for MTD passengers, is a high priority for both agencies.

MTD has begun preparation of an application for FTA FY 2019 Section 5339(c) Low or No Emission Vehicle Program (Low No) funds. MTD will be aggressive in the request, asking for a significant number of replacement buses. However, a typical grant amount in previous cycles has been a modest \$2 - \$3 million. MTD will make the application scalable, so that FTA will not discount the request as unrealistic.

MTD submitted the quarterly Milestone Progress Reports and Federal Financial Reports to the Federal Transit Administration (FTA) for all open grants, as required. Staff also submitted the required March monthly ridership and safety and security reports to the FTA's National Transit Database.

Human Resources is pleased to welcome Tyler Tejeda back in the position of Mechanic. Tyler has returned after moving back into the local area and he looks forward to a long career with MTD. In Operations, three Bus Drivers have recently accepted offers and will begin employment in April.

Fieldwork for the Clever Devices 4G-modem upgrade has been pushed back as a result of equipment delays. Such work is now expected to begin onsite at the end of April although this is not yet definite. The state has extended the deadline for using the Prop 1B funds covering the majority of project cost to this June 30. It may be recalled that Verizon originally intended to terminate the 3G network this June 30 but had already moved that date back to the end of the calendar year.

IT staff has begun upgrading MTD's fixed video recording system used at the Transit Center and Olive Terminal. There is a need to add cameras to improve or fill gaps in coverage not originally anticipated. The current system is at capacity and will not allow the addition of new cameras. The system is nearly 10 years old, which, in the world of IT, is a lifetime ago. Most of the improvements will be in the "back office" equipment, including replacement of the application and data servers, the video storage drives, and an upgrade to the latest software version. Such equipment, which now takes up about 18 square feet, will all fit in a single server using a volume of perhaps 3 square feet while increasing the video storage capacity from one month to six months. At least ten new digital cameras will be added. For now, the existing analog cameras, which are working well, will remain in service. An upgrade to higher resolution digital cameras would require a substantially greater capital investment and will be considered in the future.

With the expiration of the warranty for the Genfare Fast Fare electronic fareboxes purchased in 2017, MTD recently entered into a three-year maintenance agreement for nearly \$27,000 per year. The main benefit of the agreement is to provide expedited technical support as, otherwise, such requests are subject to a "first come, first serve" basis, which can and has resulted in delays in resolving technical issues. There are additional benefits including upgrades to the latest software versions with enhanced features such as improved reporting capabilities. As an incentive, Genfare waived an \$8,000 service charge for carrying out a security certificate update required by MTD's TVM credit card processor. Essentially, Genfare is moving to adopt the model now used by most companies of requiring ongoing annual service and license agreements. Such is the case for the majority of the software systems used by MTD.

General Manager Estrada was selected to participate as a member of the California Transit Association's newly reconstituted Zero-Emission Bus Task Force. The Task Force, chaired by Doran Barnes, Executive Director of Foothill Transit, is comprised of 25 Association members, including transit agencies, OEMs, technology providers and consultancies. Its membership was chosen by Chair of the Executive Committee Carl Sedoryk (Monterey-Salinas Transit), in coordination with the Chair of the Operations Committee Alva Carrasco (Sacramento Regional Transit) and the Chair of the Maintenance Committee Cliff Thorne (Orange County Transportation Authority). Over the coming months, the Task Force will establish a robust educational program on electrification for our full membership and will craft evidence-based policy recommendations that support ZEB deployments.