



REGULAR MEETING
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT BOARD OF DIRECTORS
a Public Agency
Tuesday, November 16, 2021
8:30 AM
VIA TELECONFERENCE

IMPORTANT NOTICE REGARDING THIS BOARD MEETING:

This virtual meeting is being conducted utilizing teleconferencing and electronic means pursuant to State of California Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, regarding the COVID-19 pandemic. The public may only view a livestream of the meeting online at: <http://tinyurl.com/sbmtdyoutube>

Public Participation

To make a general public comment or to comment on a specific agenda item, the following methods are available: Email, Phone, and Zoom webinar.

All comments will be limited to 3 minutes per speaker.

1. Email:

- Submit public comment to clerk@sbmtd.gov *before 12 p.m.* on the Monday prior to the Board meeting for advance distribution to the Board of Directors.
- Public comment emails submitted to clerk@sbmtd.gov *during* the meeting will be recognized *if* the email is received prior to or during the item to be addressed.
- **In ALL emailed Public Comments, please include:**
 - (A) The agenda item(s) to be addressed
 - (B) If you would like your comment read into the record
 - (C) Public Comment text

2. Phone: Call the Zoom webinar line 10 minutes prior to the 8:30 a.m. meeting start time:

- Toll-Free Dial-in: **(669) 900-6833.**
 - When prompted, enter Meeting ID **834 4867 1200** and then #.
 - When prompted for a password, dial **631606** and then #.
- When the item you wish to address is announced, dial *9 to request to comment.

Please mute your phone until called to speak. If you do not have a mute button, you may mute by dialing *6. You can unmute by pressing the same keys (*6). When the chair calls for public comment, the clerk will announce you and will unmute your microphone.

3. Zoom webinar & computer audio: View the webinar at the following link at 8:30 a.m.:

<https://us06web.zoom.us/j/83448671200?pwd=K2ZKS2xpMWZXNG1rV1pwWGhONTVLUT09>

To give public comment via the Zoom webinar, click the "Raise Hand" button only when the item you wish to speak on has begun. When the chair calls for public comment, the clerk will announce you and will unmute your microphone. The public will not be able to share their video or screen.

BOARD OF DIRECTORS AGENDA

BOARD MEMBERS WILL JOIN VIA TELECONFERENCE

ITEMS TO BE CONSIDERED:

1. CALL TO ORDER

2. ROLL CALL OF THE BOARD MEMBERS

Dave Davis (Chair), David Tabor (Vice Chair), Chuck McQuary (Director), Paula Perotte (Director), Jen Lemberger (Director), Arjun Sarkar (Director).

3. REPORT REGARDING POSTING OF AGENDA

CONSENT CALENDAR

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

The Board of Directors will be asked to approve the draft minutes for the meeting of October 19, 2021.

5. CASH REPORT - (ACTION MAY BE TAKEN)

The Board of Directors will be asked to review and approve the Cash Reports from the following dates: October 9, 2021, through October 22, 2021; and October 23, 2021, through November 5, 2021.

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, see the above instructions on giving remote public comment. Additional public comment will be allowed during each agenda item, including closed session items.

7. FY 2020-21 AUDITED FINANCIAL STATEMENTS AND REPORTS (ATTACHMENTS - ACTION MAY BE TAKEN)

Staff will recommend that the Board accept the attached draft Fiscal Year (FY) 2020-21 Audited Financial Statements and Reports.

8. INFRASTRUCTURE INVESTMENT AND JOBS ACT - (INFORMATIONAL)

Staff will provide an update on the Infrastructure Investment and Jobs Act (IIJA), the bipartisan bill passed by the Senate on August 10 and the House on November 5.

9. PURCHASE OF FIVE 40' NEW FLYER BATTERY ELECTRIC BUSES - (ACTION MAY BE TAKEN)

Staff will recommend that the Board authorize the General Manager to execute a contract with New Flyer of America Inc. (New Flyer) for \$5,905,595 to procure five 40', low floor, battery-electric buses (BEBs) and accessories using the California Department of General Services (DGS) Contract 1-19-23-17B.

10. NEXT WAVE PROJECT UPDATE - (INFORMATIONAL)

BOARD OF DIRECTORS AGENDA

Staff will provide a presentation to update the Board on MTD's Next Wave project, a vision for future operations and service that combines electrification, new technology, and infrastructure improvements that make transit more competitive on the South Coast.

11. ANNUAL ELECTION OF BOARD OFFICERS - (ACTION MAY BE TAKEN)

The Board will hold elections for Board of Directors assignments.

12. GENERAL MANAGER'S REPORT - (INFORMATIONAL)

The General Manager will provide an update on district activities.

13. RECESS TO CLOSED SESSION: REAL PROPERTY NEGOTIATIONS (GOVERNMENT CODE §54956.8) - (ACTION MAY BE TAKEN)

Property: 4678 Calle Real / 149 North San Antonio Road

Agency Negotiators: General Manager Jerry Estrada; District Outside Counsel, Graham Lyons

Negotiating Parties: Chandler Partners; Con/Am Group

Under Negotiation: Price and terms of payment.

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

The Board will meet in closed session, pursuant to Government Codes § 54957 and § 54954.5(e), to evaluate the performance of the District's General Manager.

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

15. OTHER BUSINESS AND REPORTS - (INFORMATIONAL)

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

16. ADJOURNMENT

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



BOARD OF DIRECTORS MEETING DRAFT MINUTES

REGULAR MEETING
of the
BOARD OF DIRECTORS
of the
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A Public Agency
Tuesday, October 19, 2021
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.

3. REPORT REGARDING POSTING OF AGENDA

Christina Perry, Clerk of the Board and Administrative Assistant, reported that the agenda was posted on Thursday, October 14, 2021, 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 - (ACTION MAY BE TAKEN)

The Board of Directors was asked to approve the draft minutes for the meeting of September 21, 2021.

5. CASH REPORT - (ACTION MAY BE TAKEN)

The Board of Directors was asked to review and approve the Cash Reports from the following dates: September 11, 2021, through September 24, 2021; September 25, 2021, through October 8, 2021.

Vice Chair Dave Tabor moved to approve the consent calendar. Director Chuck McQuary seconded the motion. Chair Davis opened a roll call vote. The prior minutes were approved with 5 in favor and 1 abstention from Director Paula Perotte. The Cash Report was approved with 6 in favor.

THIS CONCLUDES THE CONSENT CALENDAR

6. PUBLIC COMMENT

No public comments were made.

7. ANNOUNCEMENT OF RESIGNATION: BILL SHELOR (INFORMATIONAL)

The Board of Directors recognized the resignation of Bill Shelor effective October 3, 2021.

8. RECOGNITION OF RETIREMENTS: BRAD DAVIS & MIKE CARDONA - (CEREMONIAL)

The Board recognized the retirements of two members of staff. Time was given for comments and the following tributes were read into record:

Tribute to Brad Davis

In recognition for thirty-two years of distinguished service including:

Serving as Director of Finance and Administration, Controller, Chief Procurement Officer and Assistant General Manager for Santa Barbara Metropolitan Transit District (MTD);

Acting as project leader in the district's expansion and construction of MTD's current facilities at 550 Olive Street; overseeing vital capital projects such as fleet replacement, infrastructure development, business software upgrades and the Transit Center renovation; providing invaluable recommendations for the development of an agency cash reserve policy, and other post-employment benefits; devoting many years for the betterment of the Santa Barbara community;

Santa Barbara Metropolitan Transit District recognizes the exemplary and loyal service of Bradley P. Davis with great pride and heartfelt gratitude.

Tribute to Mike Cardona

In recognition for forty-five years of distinguished service including:

Having served as Superintendent of Maintenance and Interim Manager of Maintenance for Santa Barbara Metropolitan Transit District (MTD);

Acting as an integral leader in the district's early adoption and orchestration of battery electric vehicles; building MTD's reputation as one of the most effective and safe small-city transit agencies in the country; representing MTD as a leader among employees during the many years of service; striving to improve MTD fleet for the betterment of the Santa Barbara community;

Santa Barbara Metropolitan Transit District recognizes the exemplary and loyal service of Michael Cardona with great pride and heartfelt gratitude.

9. FISCAL YEAR 2020-21 YEAREND FINANCIAL REVIEW - (ATTACHMENTS - INFORMATIONAL)

Director of Finance and Administration Brad Davis presented the financial results for the fiscal year ended June 30, 2021.

10. ANNUAL CAPITAL PROJECTS UPDATE - (INFORMATIONAL)

Capital Projects Manager Ryan Gripp and Temporary Project Development Specialist Dave Rzepinski provided an update on MTD capital projects.

11. GENERAL MANAGER'S REPORT - (INFORMATIONAL)

General Manager Jerry Estrada announced a Virtual Listening session for the Short Range Transit plan scheduled for Wednesday, October 20, 2021. Mr. Estrada noted the agency's assistance with community response to the Alisal Fire.

BOARD OF DIRECTORS DRAFT MINUTES

Chair Davis noted that Director Lemberger would exit the meeting at 10:15 AM. This occurred during Closed Session recess.

12. RECESS TO CLOSED SESSION: REAL PROPERTY NEGOTIATIONS (GOVERNMENT CODE §54956.8) - (ACTION MAY BE TAKEN)

Property: 4678 Calle Real / 149 North San Antonio Road

Agency Negotiators: General Manager Jerry Estrada; District Outside Counsel, Graham Lyons

Negotiating Parties: Chandler Partners; Con/Am Group

Under Negotiation: Price and terms of payment.

No public comments were made prior to recess. Chair Davis recessed to Closed Session at 9:59 AM.

The Board reconvened at 10:38 AM. Chair Davis reported that no action had been taken.

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

The Board will meet in closed session, pursuant to Government Codes § 54957 and § 54954.5(e), to evaluate the performance of the District's General Manager.

Chair Davis reported that no action had been taken.

14. OTHER BUSINESS AND REPORTS - (INFORMATIONAL)

Director McQuary will meet informally with Marketing and Planning Manager Hillary Blackerby on October 20, 2021 to discuss the Short-Range Transit Plan.

With the concurrence of staff and the Board, the meeting of November 2, 2021 will be cancelled due to scheduling conflicts. The Board will meet for the regularly scheduled meeting on November 16, 2021. A Special Meeting will be added on December 7, 2021.

15. ADJOURNMENT

Chair Davis adjourned the meeting at 10:41 AM.

Santa Barbara Metropolitan Transit District
Cash Report
Board Meeting of November 16, 2021
For the Period October 9, 2021 through October 22, 2021

MONEY MARKET

Beginning Balance October 9, 2021 **\$2,983,936.04**

Passenger Fares	91,093.32
Accounts Receivable	30,310.70
Miscellaneous Income	5.00
Total Deposits	121,269.02

Miscellaneous Transfers	(901.10)
401(k)/Pension Transfer	(36,941.22)
Payroll Taxes	(165,940.36)
Payroll	(366,760.85)
Accounts Payable	(628,913.82)
Total Disbursements	(1,199,457.35)

Ending Balance **\$1,905,887.71**

CASH INVESTMENTS

LAIF Account	\$5,880,071.17
Money Market Account	1,905,747.71

Total Cash Balance **\$7,785,818.88**

SELF INSURED LIABILITY ACCOUNTS

WC / Liability Reserves	(\$4,555,219.96)
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Working Capital **\$3,230,598.92**

Santa Barbara Metropolitan Transit District
Cash Receipts of Accounts Receivable

Date	Company	Description	Amount
10/12/2021	Department of Rehabilitation	Passes/Passports Sales	208.00
10/12/2021	Handlpartners (McDonalds)	Advertising on Buses	13,458.40
10/12/2021	LOSSAN Rail Corridor Agency	LOSSAN Contract Revenue	217.50
10/12/2021	SB School District	Passes/Token Sales	1,725.00
10/12/2021	Wicked Bionic	Advertising on Buses	4,089.60
10/14/2021	Ken Porter Auctions	Service Vehicle Sale	2,495.00
10/14/2021	UCSB - Parking Services-7001	Passes/Passports Sales	400.00
10/15/2021	Sansum Clinic	Advertising on Buses	120.00
10/19/2021	City of SB Creeks Division	Advertising on Buses	300.00
10/19/2021	Moonlight Graphics/Mktg	Advertising on Buses	4,237.20
10/19/2021	Wells Marketing, LLC	Advertising on Buses	1,328.40
10/22/2021	Wells Marketing, LLC	Advertising on Buses	1,731.60
Total Accounts Receivable Paid During Period			\$30,310.70

Santa Barbara Metropolitan Transit District
Accounts Payable

Check #	Date	Company	Description	Amount	Voids
127835	10/14/2021	ABC BUS COMPANIES INC	BUS PARTS	3,923.28	V
127836	10/14/2021	AMERICAN MOVING PARTS, LLC	BUS PARTS	1,358.10	V
127837	10/14/2021	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	1,200.56	V
127838	10/14/2021	CERTIFIED ENVIRONMENTAL	PROFESSIONAL SERVICES	3,098.02	V
127839	10/14/2021	CENTRAL COAST CIRCULATION, L	BUS BOOK DISTRIBUTION	627.00	V
127840	10/14/2021	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	525.61	V
127841	10/14/2021	COUNTY OF S.B.PUBLIC WORKS D	WASTE DISPOSAL	30.00	V
127842	10/14/2021	DAVE BANG ASSOCIATES, INC.	BUS BENCHES	12,086.92	V
127843	10/14/2021	DIESEL FORWARD, INC.	BUS PARTS	497.37	V
127844	10/14/2021	FEDEX dba	FREIGHT CHARGES	85.33	V
127845	10/14/2021	FLEET SERVICES, INC.	BUS PARTS	43.20	V
127846	10/14/2021	FRONTIER CALIFORNIA INC.	TELEPHONE SERVICE	100.98	V
127847	10/14/2021	GIBBS INTERNATIONAL INC	BUS PARTS	330.49	V
127848	10/14/2021	GILLIG LLC	BUS PARTS	306.63	V
127849	10/14/2021	GOGETTERS, LLC DBA	COURIER SERVICES	350.00	V
127850	10/14/2021	GOODYEAR TIRE & RUBBER CO	BUS TIRE LEASE	316.59	V
127851	10/14/2021	GRAINGER, INC.	SHOP/B&G SUPPLIES	16.51	V
127852	10/14/2021	GUARDIAN-APPLETON (DENTAL I	DENTAL INSURANCE	4,768.78	V
127853	10/14/2021	GUARDIAN-APPLETON (LIFE INS)	LIFE INSURANCE	1,099.32	V
127854	10/14/2021	H&H WHOLESALE PARTS	BUS PARTS	204.99	V
127855	10/14/2021	HAYWARD LUMBER	BUS STOP SUPPLIES	62.62	V
127856	10/14/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	33.30	V
127857	10/14/2021	HR AUTOGLASS DBA	BUS PARTS/REPAIRS	250.00	V
127858	10/14/2021	INTELLICORP RECORD INC.	PRE-EMPLOYMENT CHECK	790.46	V
127859	10/14/2021	LABOR ALLIANCE MANAGED TRU	UNION DENTAL INSURANCE	9,944.50	V
127860	10/14/2021	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	168.48	V
127861	10/14/2021	MUNOZ JANITORIAL	JANITORIAL/DISINFECTANT SERVICE	28,680.00	V
127862	10/14/2021	NATIONAL TESTING NETWORK, I	DRIVER TRAINING	270.00	V
127863	10/14/2021	NFI PARTS DBA	BUS PARTS	239.48	V
127864	10/14/2021	NS CORPORATION	BUS WASHER PARTS	267.48	V
127865	10/14/2021	OFFICETEAM	TEMPORARY STAFF	4,767.12	V
127866	10/14/2021	POWERSTRIDE BATTERY CO.	BATTERIES	299.44	V
127867	10/14/2021	SILVAS OIL CO., INC.	LUBRICANTS	1,037.48	V
127868	10/14/2021	SCINTECH ASSOCIATES INC.	CONTACTLESS PAYMENT INSTALLAT	5,480.00	V
127869	10/14/2021	SPECIAL DISTRICT RISK MGMT	HEALTH INSURANCE	59,792.53	V
127870	10/14/2021	SM TIRE, CORP.	BUS TIRE MOUNTING	939.14	V
127871	10/14/2021	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	293.36	V
127872	10/14/2021	SOUTHWEST LIFT & EQUIPMENT,	LIFT REPAIRS & SUPPLIES	77.94	V

Check #	Date	Company	Description	Amount	Voids
127873	10/14/2021	SB CITY OF-REFUSE/WATER	UTILITIES	4,373.45	V
127874	10/14/2021	TEAMSTERS MISC SECURITY TRU	UNION MEDICAL INSURANCE	190,829.00	V
127875	10/14/2021	TRISTAR RISK MANAGEMENT	WORKERS COMPENSATION ADMINIST	15,468.75	V
127876	10/14/2021	TRUMAN ARNOLD COMPANIES (T	RENEWABLE DIESEL	17,391.12	V
127877	10/14/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	5,440.94	V
127878	10/14/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	2,048.17	V
127879	10/14/2021	ABC BUS COMPANIES INC	BUS PARTS	3,923.28	
127880	10/14/2021	AMERICAN MOVING PARTS, LLC	BUS PARTS	1,358.10	
127881	10/14/2021	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	1,200.56	
127882	10/14/2021	CERTIFIED ENVIRONMENTAL	PROFESSIONAL SERVICES	3,098.02	
127883	10/14/2021	CENTRAL COAST CIRCULATION, L	BUS BOOK DISTRIBUTION	627.00	
127884	10/14/2021	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	525.61	
127885	10/14/2021	COUNTY OF S.B.PUBLIC WORKS D	WASTE DISPOSAL	30.00	
127886	10/14/2021	DAVE BANG ASSOCIATES, INC.	BUS BENCHES	12,086.92	
127887	10/14/2021	DIESEL FORWARD, INC.	BUS PARTS	497.37	
127888	10/14/2021	FEDEX dba	FREIGHT CHARGES	85.33	
127889	10/14/2021	FLEET SERVICES, INC.	BUS PARTS	43.20	
127890	10/14/2021	FRONTIER CALIFORNIA INC.	TELEPHONE SERVICE	100.98	
127891	10/14/2021	GIBBS INTERNATIONAL INC	BUS PARTS	330.49	
127892	10/14/2021	GILLIG LLC	BUS PARTS	306.63	
127893	10/14/2021	GOGETTERS, LLC DBA	COURIER SERVICES	350.00	
127894	10/14/2021	GOODYEAR TIRE & RUBBER CO	BUS TIRE LEASE	316.59	
127895	10/14/2021	GRAINGER, INC.	SHOP/B&G SUPPLIES	16.51	
127896	10/14/2021	GUARDIAN-APPLETON (DENTAL I	DENTAL INSURANCE	4,768.78	
127897	10/14/2021	GUARDIAN-APPLETON (LIFE INS)	LIFE INSURANCE	1,099.32	
127898	10/14/2021	H&H WHOLESALE PARTS	BUS PARTS	204.99	
127899	10/14/2021	HAYWARD LUMBER	BUS STOP SUPPLIES	62.62	
127900	10/14/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	33.30	
127901	10/14/2021	HR AUTOGLASS DBA	BUS PARTS/REPAIRS	250.00	
127902	10/14/2021	INTELLICORP RECORD INC.	PRE-EMPLOYMENT CHECK	790.46	
127903	10/14/2021	LABOR ALLIANCE MANAGED TRU	UNION DENTAL INSURANCE	9,944.50	
127904	10/14/2021	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	168.48	
127905	10/14/2021	MUNOZ JANITORIAL	JANITORIAL/DISINFECTANT SERVICE	28,680.00	
127906	10/14/2021	NATIONAL TESTING NETWORK, I	DRIVER TRAINING	270.00	
127907	10/14/2021	NFI PARTS DBA	BUS PARTS	239.48	
127908	10/14/2021	NS CORPORATION	BUS WASHER PARTS	267.48	
127909	10/14/2021	OFFICETEAM	TEMPORARY STAFF	4,767.12	
127910	10/14/2021	POWERSTRIDE BATTERY CO.	BATTERIES	299.44	
127911	10/14/2021	SILVAS OIL CO., INC.	LUBRICANTS	1,037.48	
127912	10/14/2021	SCINTECH ASSOCIATES INC.	CONTACTLESS PAYMENT INSTALLAT	5,480.00	
127913	10/14/2021	SPECIAL DISTRICT RISK MGMT	HEALTH INSURANCE	59,792.53	

Check #	Date	Company	Description	Amount	Voids
127914	10/14/2021	SM TIRE, CORP.	BUS TIRE MOUNTING	939.14	
127915	10/14/2021	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	293.36	
127916	10/14/2021	SOUTHWEST LIFT & EQUIPMENT,	LIFT REPAIRS & SUPPLIES	77.94	
127917	10/14/2021	SB CITY OF-REFUSE/WATER	UTILITIES	4,373.45	
127918	10/14/2021	TEAMSTERS MISC SECURITY TRU	UNION MEDICAL INSURANCE	190,829.00	
127919	10/14/2021	TRISTAR RISK MANAGEMENT	WORKERS COMPENSATION ADMINIST	15,468.75	
127920	10/14/2021	TRUMAN ARNOLD COMPANIES (T	RENEWABLE DIESEL	17,391.12	
127921	10/14/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	5,440.94	
127922	10/14/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	2,048.17	
127923	10/22/2021	ABC BUS COMPANIES INC	BUS PARTS	1,806.14	
127924	10/22/2021	BRINK'S INCORPORATED	ARMORED TRANSPORTATION SERVIC	1,435.98	
127925	10/22/2021	HILLARY BLACKERBY	PER DIEM	276.00	
127926	10/22/2021	BYD MOTORS LLC	CAPITAL LEASE PAYMENT	31,625.22	
127927	10/22/2021	CA DEPT. OF TAX & FEE ADMIN.	QTRLY USER FUEL TAX	1,299.00	
127928	10/22/2021	CDTFA	SALES/CONSUMER USE TAX	682.00	
127929	10/22/2021	CA. DEPT. of TAX & FEE ADMINIST	UNDERGROUND STORAGE TANK FEE	2,677.00	
127930	10/22/2021	DOCUPRODUCTS CORPORATION	COPIER MAINTENANCE/SUPPLIES	233.17	
127931	10/22/2021	EASY LIFT TRANSPORTATION, IN	MONTHLY ADA SUBSIDY	84,189.50	
127932	10/22/2021	JERRY ESTRADA	PER DIEM	276.00	
127933	10/22/2021	EVERSHADE LLC DBA	STEAM CLEANING TC/EXPRESS ZONE	2,975.00	
127934	10/22/2021	FLEET SERVICES, INC.	BUS PARTS	134.55	
127935	10/22/2021	STATE OF CALIFORNIA	PAYROLL RELATED	200.00	
127936	10/22/2021	FRONTIER CALIFORNIA INC.	TELEPHONE SERVICE	2,129.67	
127937	10/22/2021	GALDINO MONTES GARDEN & LA	LANDSCAPE MAINTENANCE SERVICE	335.00	
127938	10/22/2021	GIBBS INTERNATIONAL INC	BUS PARTS	1,248.64	
127939	10/22/2021	GILLIG LLC	BUS PARTS	3,735.38	
127940	10/22/2021	H&H WHOLESALE PARTS	BUS PARTS	102.50	
127941	10/22/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	35.17	
127942	10/22/2021	LARRY'S 8 DAY AUTO PARTS	LUBRICANTS	395.94	
127943	10/22/2021	MC CORMIX CORP. (OIL)	LUBRICANTS	123.11	
127944	10/22/2021	MULLEN & HENZELL	CALLE REAL PROJECT SERVICES	16,491.33	
127945	10/22/2021	NATIONAL DRIVE	PAYROLL DEDUCTION	22.00	
127946	10/22/2021	NATIONAL INTERSTATE INS INC.	LIABILITY INSURANCE	48,382.30	
127947	10/22/2021	NFI PARTS DBA	BUS PARTS	997.11	
127948	10/22/2021	PREVOST CAR (US) INC.	BUS PARTS	230.90	
127949	10/22/2021	OFFICETEAM	TEMPORARY STAFF	3,178.08	
127950	10/22/2021	POWERSTRIDE BATTERY CO.	BATTERIES	242.21	
127951	10/22/2021	LETICIA RAMIREZ	PAYROLL RELATED	600.00	
127952	10/22/2021	SANSUM CLINIC	MEDICAL EXAMS	4,169.59	
127953	10/22/2021	SANTA BARBARA FASTENERS, IN	SHOP SUPPLIES	6.33	
127954	10/22/2021	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	

Check #	Date	Company	Description	Amount	Voids
127955	10/22/2021	SANTA BARBARA TROPHY	RETIREMENT GIFT	22.84	
127956	10/22/2021	SO. CAL. EDISON CO.	UTILITIES	7,504.03	
127957	10/22/2021	SOAP MAN DISTRIBUTIN DBA	BUS CLEANING SUPPLIES	206.63	
127958	10/22/2021	SOCALGAS	UTILITIES	145.15	
127959	10/22/2021	SOUTHWEST LIFT & EQUIPMENT,	LIFT REPAIRS & SUPPLIES	1,732.32	
127960	10/22/2021	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	597.16	
127961	10/22/2021	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	344.31	
127962	10/22/2021	TRANSIT AND PARATRANSIT COM	TRAINING VIDEOS	4,015.00	
127963	10/22/2021	TRUMAN ARNOLD COMPANIES (T	RENEWABLE DIESEL	17,283.73	
127964	10/22/2021	UNITED WAY OF SB	PAYROLL DEDUCTION	40.00	
127965	10/22/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	42.06	
127966	10/22/2021	VERIZON WIRELESS	WIRELESS PHONES & AIM CELLULAR	4,701.64	
127967	10/22/2021	VERITECH, INC.	BUS PARTS	1,044.00	
127968	10/22/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	761.69	
127969	10/22/2021	YACO SCHOLARSHIP FUND	PAYROLL DEDUCTION	64.00	
				1,008,828.26	
Current Cash Report Voided Checks:				379,914.44	
Prior Cash Report Voided Checks:				0.00	
Grand Total:				\$628,913.82	

Santa Barbara Metropolitan Transit District
Cash Report
Board Meeting of November 16, 2021
For the Period October 23, 2021 through November 5, 2021

MONEY MARKET

Beginning Balance October 23, 2021 **\$1,905,887.71**

Accounts Receivable	1,151,182.36
Passenger Fares	67,625.20
Property Tax Revenue	38,400.84
Miscellaneous Income	4,282.38
Prepays & Advertising	1,956.00
Measure A Transfer	.31
Total Deposits	1,263,587.09

Miscellaneous Transfers	(545.97)
Wire Transfer	(5,214.93)
401(k)/Pension Transfer	(37,057.38)
Payroll Taxes	(160,608.48)
Payroll	(362,703.91)
Accounts Payable	(436,723.25)
Total Disbursements	(1,002,853.92)

Ending Balance **\$2,166,480.88**

CASH INVESTMENTS

LAIF Account	\$5,880,071.17
Money Market Account	2,166,620.88

Total Cash Balance **\$8,046,692.05**

SELF INSURED LIABILITY ACCOUNTS

WC / Liability Reserves	(\$4,555,219.96)
-------------------------	------------------

Working Capital **\$3,491,472.09**

Santa Barbara Metropolitan Transit District
Cash Receipts of Accounts Receivable

Date	Company	Description	Amount
10/25/2021	Wicked Bionic	Advertising on Buses	1,422.90
10/27/2021	American Marketing Administrators	Advertising on Buses	2,206.00
11/2/2021	Montecito Bank & Trust	Advertising on Buses	2,722.00
11/5/2021	Local Transportation Fund	SB 325 - OCT 2021	898,657.89
11/5/2021	Measure A, Section 3 LSTI	Measure A Funds - OCT 2021	246,173.57
Total Accounts Receivable Paid During Period			\$1,151,182.36

Santa Barbara Metropolitan Transit District
Accounts Payable

Check #	Date	Company	Description	Amount	Voids
127970	10/28/2021	ABC BUS COMPANIES INC	BUS PARTS	564.23	
127971	10/28/2021	ASBURY ENVIRONMENTAL SERVI	WASTE OIL RECYCLER	190.00	
127972	10/28/2021	BLACK GOLD INDUSTRIES, CORP	HAZMAT DISPOSAL	1,518.00	
127973	10/28/2021	CALIFORNIA SPECIAL DISTRICTS	MEMBERSHIP DUES	875.00	
127974	10/28/2021	CELTIS VENTURES, INC.	MARKETING SERVICES	1,472.50	
127975	10/28/2021	CINTAS CORPORATION	FIRST AID SUPPLIES	339.31	
127976	10/28/2021	CUMMINS SALES & SERVICE dba	BUS PARTS & REPAIRS	172.97	
127977	10/28/2021	CYNTHIA DE LA FUENTE	DMV/VTT REIMBURSEMENT	10.00	
127978	10/28/2021	DIESEL FORWARD, INC.	BUS PARTS	19.96	
127979	10/28/2021	FLEET SERVICES, INC.	BUS PARTS	276.18	
127980	10/28/2021	GIBBS INTERNATIONAL INC	BUS PARTS	804.76	
127981	10/28/2021	GILLIG LLC	BUS PARTS	5,528.57	
127982	10/28/2021	GOODYEAR TIRE & RUBBER CO	BUS TIRE LEASE	12,520.91	
127983	10/28/2021	GRAINGER, INC.	SHOP/B&G SUPPLIES	215.80	
127984	10/28/2021	RYAN GRIPP	REIMBURSEMENTS	119.88	
127985	10/28/2021	HIGH IMPACT INC.	FORKLIFT SAFETY TRAINING	625.00	
127986	10/28/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	31.46	
127987	10/28/2021	IRON HORSE AUTO BODY OF SB D	SERVICE VEHICLE REPAIRS	2,369.10	
127988	10/28/2021	LAWSON PRODUCTS INC	SHOP SUPPLIES	963.96	
127989	10/28/2021	MC CORMIX CORP. (OIL)	LUBRICANTS	8,308.80	
127990	10/28/2021	MC CORMIX CORP. (GAS)	FUEL-SERVICE VEHICLES	1,525.55	
127991	10/28/2021	NFI PARTS DBA	BUS PARTS	225.99	
127992	10/28/2021	PREVOST CAR (US) INC.	BUS PARTS	193.18	
127993	10/28/2021	O'REILLY AUTO PARTS DBA	BUS PARTS	6.83	
127994	10/28/2021	POWERSTRIDE BATTERY CO.	BATTERIES	1,197.77	
127995	10/28/2021	PUMPFLIX LP	EMPLOYMENT ADS	800.00	
127996	10/28/2021	SAFETY-KLEEN CORPORATION	SHOP SUPPLIES	389.09	
127997	10/28/2021	SET SOLUTIONS, INC.	SOFTWARE LICENSE	2,625.00	
127998	10/28/2021	SO. CAL. EDISON CO.	UTILITIES	1,273.14	
127999	10/28/2021	SOCALGAS	UTILITIES	19.59	
128000	10/28/2021	STANTEC CONSULTING SERVICES	CONSULTING SERVICES	18,057.00	
128001	10/28/2021	TANK TEAM INC.	TANK TESTS	128.00	
128002	10/28/2021	TREAS.TAX COLLECTOR,Harry E. H	PROPERTY TAXES	483.07	
128003	10/28/2021	TRAPEZE SOFTWARE GROUP, INC.	ANNUAL SOFTWARE LICENSE FEES	5,730.00	
128004	10/28/2021	TRUMAN ARNOLD COMPANIES (T	RENEWABLE DIESEL	34,949.20	
128005	10/28/2021	U.S. BANK CORP. PAYMENT SYST	CREDIT CARD PURCHASES	3,333.57	
128006	10/28/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	11,644.93	
128007	10/28/2021	VALLEY POWER SYSTEMS, INC.	LUBRICANTS	316.16	

Check #	Date	Company	Description	Amount	Voids
128008	10/28/2021	VERIZON WIRELESS	WIRELESS PHONES & AIM CELLULAR	585.32	
128009	11/5/2021	ABC BUS COMPANIES INC	BUS PARTS	91.33	
128010	11/5/2021	BAY ALARM COMPANY, INC	ALARM CONTRACT	255.00	
128011	11/5/2021	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	809.40	
128012	11/5/2021	COMPLETE COACH WORKS	DRIVER BARRIERS	38,665.00	
128013	11/5/2021	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	155.41	
128014	11/5/2021	CUMMINS SALES & SERVICE dba	BUS PARTS & REPAIRS	0.00	V
128015	11/5/2021	CUMMINS SALES & SERVICE dba	BUS PARTS & REPAIRS	72,907.47	
128016	11/5/2021	FEDEX dba	FREIGHT CHARGES	105.80	
128017	11/5/2021	STATE OF CALIFORNIA	PAYROLL RELATED	200.00	
128018	11/5/2021	GALDINO MONTES GARDEN & LA	LANDSCAPE MAINTENANCE SERVICE	2,090.00	
128019	11/5/2021	GENFARE, A DIVISION OF SPX CO	FAREBOX REPAIRS & PARTS	845.64	
128020	11/5/2021	GIBBS INTERNATIONAL INC	BUS PARTS	786.56	
128021	11/5/2021	GILLIG LLC	BUS PARTS	7,777.87	
128022	11/5/2021	GOODYEAR TIRE & RUBBER CO	BUS TIRE LEASE	1,280.68	
128023	11/5/2021	SB SOUTH COAST CHAMBER OF C	MEMBERSHIP / MEETINGS	1,250.00	
128024	11/5/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	9.22	
128025	11/5/2021	HR AUTOGLASS DBA	BUS PARTS/REPAIRS	225.00	
128026	11/5/2021	LANSPEED DBA	IT SERVICES	1,500.00	
128027	11/5/2021	MC CORMIX CORP. (OIL)	LUBRICANTS	4,579.60	
128028	11/5/2021	MEDICAL EYE SERVICES, INC.	VISION INSURANCE	527.04	
128029	11/5/2021	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	19.79	
128030	11/5/2021	MUNOZ JANITORIAL	JANITORIAL/DISINFECTANT SERVICE	28,540.00	
128031	11/5/2021	NEWARK ELEMENT14	BUS PARTS	731.67	
128032	11/5/2021	NFI PARTS DBA	BUS PARTS	1,441.08	
128033	11/5/2021	PREVOST CAR (US) INC.	BUS PARTS	25.03	
128034	11/5/2021	ANTONIO GAVINO PEREZ JR.	REIMBURSEMENT DMV/VTT	59.00	
128035	11/5/2021	LETICIA RAMIREZ	PAYROLL RELATED	600.00	
128036	11/5/2021	SANSUM CLINIC	MEDICAL EXAMS	405.00	
128037	11/5/2021	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	
128038	11/5/2021	SILVAS OIL CO., INC.	LUBRICANTS	1,324.19	
128039	11/5/2021	SET SOLUTIONS, INC.	SOFTWARE LICENSE	1,000.00	
128040	11/5/2021	SO. CAL. EDISON CO.	UTILITIES	4,880.56	
128041	11/5/2021	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	111.19	
128042	11/5/2021	SB CITY OF-REFUSE/WATER	UTILITIES	5,607.16	
128043	11/5/2021	THE COUNTRY MEAT MARKET IN	VETERAN'S DAY BBQ	3,716.63	
128044	11/5/2021	TANK TEAM INC.	TANK TESTS	486.07	
128045	11/5/2021	TEAMSTERS PENSION TRUST	UNION PENSION	88,904.98	
128046	11/5/2021	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	397.39	
128047	11/5/2021	TREAS.TAX COLLECTOR,Harry E. H	PROPERTY TAXES	13.00	
128048	11/5/2021	TRUMAN ARNOLD COMPANIES (T	RENEWABLE DIESEL	35,044.85	

Check #	Date	Company	Description	Amount	Voids
128049	11/5/2021	UNITED PARCEL SERVICE, INC.	FREIGHT CHARGES	267.11	
128050	11/5/2021	J.C.M. AND ASSOCIATES INC.	UNIFORMS	671.68	
128051	11/5/2021	VASQUEZ & COMPANY LLP	ANNUAL AUDIT	6,000.00	
128052	11/5/2021	VENTURA COUNTY REPORTER	PUBLIC NOTICES/EMPLOYMENT ADS	1,310.00	
128053	11/5/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	267.72	
128054	11/5/2021	WURTH USA WEST INC.	SHOP SUPPLIES	168.35	
				436,723.25	
Current Cash Report Voided Checks:				0.00	
Prior Cash Report Voided Checks:				0.00	
Grand Total:				\$436,723.25	



BOARD OF DIRECTORS REPORT

MEETING DATE: NOVEMBER 16, 2021

AGENDA ITEM: #7

DEPARTMENT: FINANCE

TYPE: ACTION ITEM

PREPARED BY: THAIS SAYAT

Signature

REVIEWED BY: GENERAL MANAGER

Signature

SUBJECT: FY 2020-21 AUDITED FINANCIAL STATEMENTS AND REPORTS

RECOMMENDATION:

Staff is recommending the Board accept the attached draft Fiscal Year (FY) 2020-21 Audited Financial Statements and Reports.

DISCUSSION:

Attached are the draft audited financial statements and corresponding compliance reports and letters for the fiscal year ended June 30, 2021. The audit was carried out by Vasquez & Company LLP and the audit results will be presented to the Board by Roger Martinez, the Partner in charge of the audit. Although considered a draft, no changes to the audit are anticipated.

The determination of whether the financial statements of an entity accurately represent its financial position is one of the main purposes of a financial audit. The Independent Auditor's Report found that "[I]n our opinion the financial statements...present fairly, in all material respects, the financial position of the Santa Barbara Metropolitan Transit District as of June 30, 2021[.]" Additionally, there were no "findings" for fiscal year 20-21 that would have reported any compliance issues with state and federal requirements.

ATTACHMENTS:

- Financial Statements & Required Supplementary Information
- Compliance Reports

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Santa Barbara Metropolitan Transit District
Single Audit Report
Year Ended June 30, 2021
with Independent Auditor's Report

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Santa Barbara Metropolitan Transit District
Single Audit Report
Year Ended June 30, 2021
with Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Barbara Metropolitan Transit District (District), which comprise the statement of net position as of June 30, 2021, the related statement of revenues, expenses, and changes in net position, statement of expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control over Financial Reporting

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

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

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



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Compliance and Other Matters

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

Purpose of this Report

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

Glendale, California
November 8, 2021

**Independent Auditor's Report on Compliance for Each Major Federal Program,
on Internal Control over Compliance, and on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited Santa Barbara Metropolitan Transit District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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



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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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



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

We have audited the financial statements of Santa Barbara Metropolitan Transit District as of and for the year ended June 30, 2021 and have issued our report thereon dated November 8, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Glendale, California
November 8, 2021

Santa Barbara Metropolitan Transit District Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Federal Grantor/ Pass Through Grantor / Program Title	Federal Assistance Listing Number	Contract Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Transit Administration				
Direct Assistance:				
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-2021-053-00	\$ -	\$ 5,812,679
CARES Act:				
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-2020-100-00	-	5,775,604
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-2020-100-00	-	694,377
Subtotal - Formula Grants (Urbanized Area Formula Program)			-	6,469,981
Total Major Program			-	12,282,660
Passed through from the State of California, Department of Transportation, Planning Division Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
	20.505	74A1242	-	1,771
TOTAL EXPENDITURES OF FEDERAL PROGRAMS			\$ -	\$ 12,284,431

See accompanying Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Santa Barbara Metropolitan Transit District (District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 BASIS OF ACCOUNTING

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENTS

The District provided no federal awards to subrecipients for the year ended June 30, 2021.

NOTE 4 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports for the year ended June 30, 2021, which have been submitted to grantor agencies, will, in some cases, differ from the amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

NOTE 5 RELATIONSHIP OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE FINANCIAL STATEMENTS

Amounts reported in the accompanying Schedule agree, in all material respects, to amounts reported within the District's Statement of Revenues, Expenses and Changes in Net Position as presented in the District's Audited Financial Statements as of and for the year ended June 30, 2021.

Section I – Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued on the financial statements: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? No
Significant deficiency(ies) identified? No

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No
Significant deficiency(ies) identified? None reported

Type of Auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a) of the Uniform Guidance? None reported

Identification of Major Programs:

Assistance Listing Number
20.507
20.507

Name of Federal Program or Cluster
Operating Assistance
CARES Act Operating Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2021.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings noted during the fiscal year ended June 30, 2021.

Section IV – Summary of Prior Year Audit (June 30, 2020) Finding and Current Year Status

Finding No.	Description	Condition (By Predecessor Auditors)	Recommendation (By Predecessor Auditors)	Status
<u>Financial Statements Finding</u>				
2020-FS01	We did not observe the taking of the physical inventory as of June 30, 2020, since the District elected not to perform for the fiscal year ended June 30, 2020. We were unable to satisfy ourselves regarding inventory quantities and adjustments by means of other auditing procedures. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.	We did not observe the taking of the physical inventory as of June 30, 2020, since the District elected not to perform for the fiscal year ended June 30, 2020. We were unable to satisfy ourselves regarding inventory quantities and adjustments by means of other auditing procedures. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.	According to AU-C Section 501.11, it is generally necessary for auditors to observe inventory counts. Immateriality of inventory balances is the only reason not to observe inventory.	Resolved in FY 2020/21. The District performed a physical count of inventory on June 26, 2021. The results of the inventory count was rolled forward and reconciled to the inventory account balance in the general ledger as of June 30, 2021.

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**Santa Barbara Metropolitan Transit District
Financial Statements and
Required Supplementary Information
*As of and for the Fiscal Year Ended June 30, 2021
With Independent Auditor's Report***

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Required Supplementary Information
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Santa Barbara Metropolitan Transit District, California (the District), as of and for the year ended June 30, 2021 and the related notes to financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the changes in its financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios on page 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Glendale, California
November 8, 2021

This *Management's Discussion and Analysis (MD&A) for the Fiscal Year 2020-21* provides a narrative and analytical overview of the financial activities of the Santa Barbara Metropolitan Transit District (District). It is an important element of this audit report meant to provide greater understanding and insight into the financial statements. The District's basic financial statements are prepared using proprietary (enterprise) fund accounting. The District operates under one enterprise fund with an economic resources measurement focus using an accrual accounting basis. Revenue is recorded when earned and expenses are recorded when incurred.

Financial Reports

There are four basic financial statements included in this report followed by notes to the financial statements. *Compliance Reports*, a separate but integral part of the financial audit, provides certain supplementary information required by state and federal regulations, and the Government Accounting Standards Board (GASB). The financial statements include the following:

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

Financial Summary

The District's financial condition was materially affected by the conditions created by the ongoing COVID-19 pandemic. The most significant fiscal consequence—taken to protect employee and customer health and safety—was the suspension of fare collection throughout most of the year. Offsetting the revenue loss to some degree was a reduction in transit services due mainly to decreased demand. There were other pandemic-related revenue losses and expense increases as well. Fully mitigating the negative fiscal impact of these events was the receipt of federal financial assistance provided specifically for this purpose.

The *Net Position* of the District at June 30, 2021, which measures the amount that assets exceed liabilities, was \$47.4 million, down 4% for the year. This change is based on the capital activities and the deferred inflows and outflows¹ for the year. The receipt of CARES Act funding balanced the operating budget thus not affecting net position. Without the additional funding, the District would have incurred a \$5.8 million deficit in FY20-21 that would have reduced the District's net position. This *Management's Discussion and Analysis for Fiscal Year 20-21* will further review this outcome as well as discuss the District's *Economic Conditions and Outlook*.

Statement of Net Position

The \$2.1 million decrease in the District's *Net Position* for Fiscal Year 2020-21 was the result of a \$1.5 million decrease in the District's assets and a \$600,000 increase in its liabilities. The table on the following page is a summary of the District's *Statements of Net Position* as of June 30, 2021 and 2020.

¹ Deferred inflows and outflows reflect adjustments to MTD's retiree health benefit liabilities.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
	(thousands of dollars)		
Assets			
Current assets	\$ 19,922	\$ 20,252	-2%
Non-current assets	1,936	1,152	68%
Capital assets	37,979	40,264	-6%
Total assets	<u>59,837</u>	<u>61,668</u>	
Deferred outflows of resources	<u>354</u>	60	490%
Total assets and deferred outflows of resources	\$ <u>60,191</u>	\$ <u>61,728</u>	-2%
Liabilities			
Current liabilities	\$ 3,393	\$ 3,738	-9%
Non-current liabilities	9,312	8,438	10%
Total liabilities	<u>12,705</u>	<u>12,176</u>	4%
Deferred inflows of resources	<u>56</u>	65	-14%
Net Position			
Net investment in capital assets	36,346	38,403	-5%
Unrestricted	11,084	11,084	0%
Total net position	<u>47,430</u>	<u>49,487</u>	-4%
Total liabilities, deferred inflows of resources and net position	\$ <u>60,191</u>	\$ <u>61,728</u>	-2%

Assets – The \$60.2 million in *Total Assets and Deferred Outflows* at June 30, 2021, represents a 2% decline from the prior year. *Current Assets*, comprised mainly of cash, receivables, and inventory, were also down 2%. While cash and investments did increase 9%, this was more than offset by reduced yearend receivables for capital grant reimbursements. Although the bus parts inventory value and prepaid expenses rose by 7%, it was relatively small in dollar value.

Non-Current Assets, excluding capital assets, of \$1.9 million were mostly made up of advance grant funds received from the State for future operating and capital activities. The increase in FY20-21 was due to the receipt of \$784,000 in Low Carbon Transit Operations Program (LCTOP) funds allocated for the second year of the planned microtransit service.

The \$38 million balance of the District's *Capital Assets (net)* as of June 30, 2021 represented a \$2.3 million decline from the prior year. This is reflective of \$2.6 million in newly acquired fixed assets offset by the year's \$4.1 million in asset depreciation and nearly \$800,000 in asset disposals. Capital assets also take account of a \$2.2 million capital lease for six BYD 30' electric buses. A description of the year's asset acquisitions is discussed further in this MD&A.

Liabilities – *Total Liabilities* at June 30, 2021 was \$12.7 million, a 4% increase from prior year. *Current Liabilities*, which comprised of accounts payable and liabilities due within one year, were down mainly due to removal of a UCSB credit created by the suspension of the prepaid Line 28 in the prior year. *Non-Current Liabilities*, increased 10% primarily due to advance LCTOP funds received for the microtransit service. Another factor was a \$465,000 increase in *Accrued Other Post-Employment Benefits* due to a change in actuarial assumptions.

Other Post-Employment Benefits (OPEB) - The District provides retiree health benefits to employees meeting certain employment criteria. For a comprehensive review of these Other Post-Employment Benefits (OPEB), see Note 13 of the audited financial statements. Per government accounting standards, a liability for the present value of future OPEB financial obligations is recorded in the *Statement of Net Position*. At June 30, 2021, the OPEB liability was \$3.2 million, an 18% increase from the prior year. The reason for the higher liability was a decrease in the discount rate used in the actuarial valuation to determine its present value. The lower rate was a result of the general decrease in interest rates.

To pay for future OPEB obligations, the District established an irrevocable trust in 2017 which was funded with \$1.5 million in the first two years. The estimated value of the OPEB trust at yearend, including investment earnings, was \$1.6 million. Reducing the \$3.2 million liability by the trust funds, the net OPEB liability was \$1.6 million, as reported on the *Statement of Net Position*.

Net Position – The total net position of the District decreased by 4% to \$47.4 million in FY20-21. The first component of net position is *Invested in Capital Assets* of \$36.3 million. This represents the capital funding used for the District's capital assets less the accumulated depreciation. The District's yearend *Unrestricted Net Position* balance was \$11.1 million, unchanged from the prior year. Changes in *Unrestricted Net Position* correspond to operating surpluses and deficits. This year, the operating budget was balanced from the receipt of CARES Act funding. *Unrestricted Net Position* is representative of the *Current Assets* that are not dedicated to specific purposes or liabilities and is the source of District cash reserves.

Statement of Revenues, Expenses and Changes in Net Position

The emphasis of the Statements of Revenues, Expenses and Changes in Net Position is to show how all revenues and expenses lead to the change in Net Position for the year. It differs from a typical income statement in that it includes capital revenues. Below is the condensed version of this financial statement that separates operating and capital revenue to assist in the discussion.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
	(thousand of dollars)		
Revenues			
Fare revenue	\$ 400	\$ 5,276	-92%
LTF sales tax revenue	8,471	8,074	5%
Federal operating grants	11,590	7,533	54%
Measure A sales tax revenue	2,398	2,217	8%
Other operating subsidies	383	1,283	-70%
Property tax revenue	1,451	1,385	5%
Non-transportation income	347	1,495	-77%
Total operating revenues	<u>25,040</u>	<u>27,263</u>	-8%
STA capital revenue	864	3,973	-78%
Federal capital grants	694	1,415	-51%
Measure A capital revenue	1,024	968	6%
Other state capital funds	25	1,168	-98%
Total capital revenue	<u>2,607</u>	<u>7,524</u>	-65%
Total revenue	<u>27,647</u>	<u>34,787</u>	-21%
Expenses			
Route operations	14,780	16,676	-11%
Vehicle maintenance	5,078	5,761	-12%
Passenger accommodations	1,489	1,501	-1%
General overhead	3,473	3,374	3%
Total operating expenses	<u>24,820</u>	<u>27,312</u>	-9%
Loss on disposal of assets	47	315	-85%
Other post-employment benefit adjustment	230	(26)	-985%
Capital asset depreciation and amortization	4,607	4,132	11%
Total non-operating expenses	<u>4,884</u>	<u>4,421</u>	10%
Total expenses	<u>29,704</u>	<u>31,733</u>	-6%
Change in net position	(2,057)	3,054	-167%
Net position, beginning of year	49,487	46,433	7%
Net position, end of year	\$ <u>47,430</u>	\$ <u>49,487</u>	-4%

Operating Revenues – The collection of fares, suspended in late March 2020, did not restart until near the end of FY20-21 due to the continued severity of the pandemic through most of the year. With this policy in place, contract fare revenue from the City of Santa Barbara, Santa Barbara City College (SBCC) and University of California, Santa Barbara (UCSB) was also eliminated for the year. Thus, Fare Revenue was limited to \$400,000 in FY20-21. This compares to fares of \$5.3 million in FY19-20, which included more than three months of suspended fares. In FY18-19, the last year unaffected by the pandemic, fare income was \$7.2 million. Fare collection and most contract fare revenues will be back in place for FY21-22.

LTF Sales Tax Revenue provided \$8.5 million in sales tax subsidies to support operations. From initial projections of a steep decline in economic activity due to the pandemic, overall LTF sales tax receipts instead rose 5% from FY19-20. While the revenue source did decrease considerably in the early stages of the pandemic in late FY19-20, it quickly turned around with an upturn in economic activity for consumer staples, building and construction, and automobile purchases. *Measure A Sales Tax Revenue* of \$2.4 million, derived from locally generated sales tax receipts, also performed unexpectedly well, growing 8%. As with *LTF Sales Tax Revenue*, a decrease had been initially expected from reduced consumer sales.

The \$11.6 million in *Federal Operating Grants* from the Federal Transit Administration was evenly split between Section 5307 formula assistance and CARES Act Funding. The \$5.8 million in formula assistance matched that of the prior year. The other \$5.8 million in CARES Act funding was used to defray revenue losses in order to balance the budget. Further discussion of both these federal sources is included in the Economic Conditions and Outlook at the end of this MD&A.

Other Operating Subsidies were substantially diminished relative to FY19-20 from the suspension of the subsidized Line 28 and first/last mile Amtrak commuter train services. With the continued escalation in real property values, District Property Tax Revenue of \$1.5 million reflected 5% growth from the previous fiscal year. To date, this source of revenue has remained unaffected by the COVID-19 pandemic on the local economy.

Capital Revenue – The year's \$2.6 million in capital asset acquisitions are included in the *Statement of Revenues, Expenses and Change in Net Position* and are discussed separately below. The statement does include the revenue sources funding the FY20-21 acquisitions. These included Measure A, State Transit Assistance, and federal funding. The local sales tax support from Measure A was just over one million dollars; STA funds from diesel fuel sales tax and vehicle license fees contributed \$864,000; and federal support was from CARES Act funding of approximately \$700,000, which was allocated to fleet coronavirus mitigation measures specified below.

Operating Expenses – The District expended \$24.8 million for the provision of transit service operations during FY20-21. The 9% decrease in operating expenses from the previous fiscal year mainly reflects reduced service and employment levels as a result of the pandemic, and lowered workers' compensation outlays.

Service Level – With many route services suspended throughout FY20-21 and a shortage of bus operators, the service level was limited to 173,000 revenue hours. This compares to 209,000 hours in the previous year and led to a \$1.9 million decline in direct costs for transit service including driver wages and benefits, fuel, lubricants, tire leasing, and other variable costs.

Employment Level – The year experienced a sizeable loss of drivers from attrition and retirements exacerbated by the DMV's suspension of new driver testing. With several driver fringe benefits limited by the employment level (e.g., pension and health costs), this further brought down operating expenses.

Risk & Safety – There was a 35% reduction in workers' compensation expense and claim reserves relative to FY19-20. The predominant factors were low claim reserves for the current year and a downward adjustment in reserves for events occurring prior to FY20-21.

Bus Fuel – A new renewable diesel contract at \$1.65 per gallon was lower than the \$2.24 per gallon paid during the first five months of FY20-21 and most of FY19-20, substantially cutting fuel costs.

COVID-19 Costs – Increasing FY20-21 costs was \$324,000 in outlays for the daily disinfection of buses, facilities, and service vehicles as well as personal protective equipment for employees. With the onset of the pandemic in late FY19-20, such costs in the prior year totaled \$107,000.

Non-Operating Expenses – Non-operating costs are comprised of transactions not directly related to the District's normal business activities. The largest element is *Capital Asset Depreciation*, which represents the allocation of an asset's cost over its expected useful life. *Loss on Disposal of Assets* corresponds to the undepreciated portion of fixed assets retired before the end of their estimated lives. The *OPEB Liability Adjustment* reflects the annual change in the actuarially based retiree health benefit liability, considered an Other Post Employment Benefit (OPEB).

Budget Analysis

For purposes of analysis, CARES Act funding used to offset the operating deficit and the actuarial based annual OPEB adjustment are not included in the budget variance table shown below.² The operating deficit of \$5.6 million was considerably lower than the midyear projection of an \$8 million shortfall. The improved outcome was achieved through both greater revenue and lower expenses than estimated. As discussed in the comparison to prior year results, a reduced service level and growth in sales tax subsidies were also contributing factors.

FY 20-21 Operating Budget Variance* (thousand of dollars)

	Actual	Budget	Variance
Revenues			
Fare revenue	\$ 400	\$ 168	138%
LTF sales tax revenue	8,471	7,977	6%
Federal operating assistance	5,814	5,813	0%
Measure A sales tax revenue	2,398	2,202	9%
Other operating subsidies	383	100	283%
Property tax revenue	1,451	1,413	3%
Non-transportation Income	358	399	-10%
Total revenues	19,275	18,072	7%
Expenses			
Route operations	14,780	15,740	-6%
Vehicle maintenance	5,078	5,103	0%
Passenger accommodations	1,489	1,640	-9%
General overhead	3,541	3,620	-2%
Total expenses	24,888	26,103	-5%
Operating deficit	\$ (5,613)	\$ (8,031)	

* CARES Act funding and annual OPEB adjustment excluded for budget analysis.

² The reason is that the relief funding and OPEB expense are not included in the budget considered by the Board.

Operating Revenue Budget – While *Fare Revenue* of \$400,000 was substantially above the projection for the year, the budget was difficult to estimate without knowing when the fare suspension would be lifted or what ridership levels would be. *LTF Sales Tax Revenue* and *Measure A Sales Tax Revenue* topped the budget by 6% and 9%, respectively, due to the unexpected strength in retail sales previously discussed. *Federal Operating Assistance* of \$5.8 million was as anticipated. *Other Operating Subsidies*, while more than projected, were severely reduced with the suspension of most subsidized route services. Additionally, *Property Tax Revenue* growth continued during the year leading to a 3% increase from the budgeted amount.

Operating Expense Budget – Total operating expenses of \$24.9 million were 5% less than budgeted. Again, the service level reduction was the largest factor in the budget variance just as it was for the prior year differential. In this case, the 173,000 revenue hours provided were 8% below the 187,000 hours budgeted. Thus, the various direct costs of providing transit were held down below forecasted levels. Workers' compensation costs were also well below budget due to the downturn in claim payouts and reserves previously discussed.

The budget also included a placeholder of \$366,000 for support of Easy Lift for increased outlays and lost revenue resulting from the pandemic. Easy Lift was able to mitigate the effects through service adjustments. As a result, such assistance was not required. Lastly, the Transit Development budget for FY20-21 included \$113,000 in professional services for the preparation of the Short Range Transit Plan (SRTP). With planning resources concentrated on developing service scenario options in response to the pandemic, the SRTP was deferred until FY21-22.

Capital Assets

Capital assets with a value of \$2.6 million were acquired in FY20-21. A breakdown by asset category is included on the table below. Revenue vehicle capital outlays included final acceptance and payment for the eight BYD 30' electric buses and capital lease payments for the remaining six BYD buses. Also notable were actions to reduce driver and passenger exposure to Covid-19 with the installation of driver protective barriers into the fleet. Passenger facility improvements consisted of completion of the Transit Center renovation while efforts continued for the development of the District's Calle Real property. The purchase of four additional Chevrolet Bolts marked the full electrification of the driver relief vehicle fleet. The bulk of IT system outlays was for application software to enhance route planning capabilities and efficiency. A number of significant contracts were also entered into in FY20-21 for upcoming bus and facility projects valued in excess of \$10 million. These will be discussed in the *Economic Conditions and Outlook*.

Capital Acquisitions (thousand of dollars)

<u>Asset Category</u>	<u>2020-21</u>	<u>2019-20</u>
Revenue vehicles	\$ 1,415	\$ 2,560
Passenger facilities	699	3,700
Property development	149	137
Non-revenue equipment	132	370
IT & security systems	121	142
Operating facilities	65	571
Intelligent transportation systems	26	44
Total capital acquisitions	\$ <u>2,607</u>	\$ <u>7,524</u>

Economic Conditions and Outlook

The COVID-19 pandemic continues to create uncertainty about the District's financial resources and, by extension, the level of its transit services on Santa Barbara's South Coast. A \$6.3 million deficit is projected for FY21-22. Beyond this period, it is difficult to predict operating budget outcomes because of the uncertainty in fare revenue and service capacity, although continuing but lower deficits are expected in the near term. Forecasting accuracy is expected to improve considerably as the trends and results since the reestablishment of fare collection become available. Fortunately, difficult choices on substantial budget adjustments have been forestalled for a few years with the support provided by the federal government, discussed next.

Federal Relief Funding – The District has been allocated federal economic relief funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act of 2021 (ARPA). For public transit, these funds are limited to covering operating and capital expenses incurred and revenues lost as a result of the pandemic. The allocations are intended to provide financial assistance for the duration of the economic fallout of the pandemic, expected to span several more years. The District has been allocated a combined \$36.7 million from the three bills. The funds provide support for all South Coast public transit operations and will include allocations to Easy Lift for paratransit services and SBCAG for the Clean Air Express as needed. The use of \$7.8 million of the relief funding was required through the end of FY20-21. Another \$8.2 million is projected to defray pandemic-related losses and health and safety improvements in FY21-22.

Fare Revenue – Fare collection on buses resumed the last two months of FY20-21. Fare contracts with SBCC and UCSB for free student boarding went back into effect with the start of FY21-22. Bus passenger capacity limitations were fully lifted in September 2021. With these returns to normal conditions, the drastic decent of operating income in FY20-21 is behind us. The severe drop in ridership prompted by the onset of the coronavirus has improved considerably since the spring of 2020. In the first quarter of FY21-22, cash fares and pass sales are up to 70% of pre-pandemic levels, which is considerably higher than estimated. The question still remains as to when and to what extent overall fare revenue will return to pre-pandemic heights. The reduction in the service level impacts fares (while also decreasing expenses). Also adversely affecting fares was the termination of the agreement with the City of Santa Barbara to support the Downtown-Waterfront Shuttle, which had provided \$1.2 million in fare revenue.³ Again, this year's outcome will provide insight into the future funding of public transit services on the South Coast.

Prior to the pandemic, the District's farebox return ratio⁴ was consistently above 25%. With negligible fare revenue in FY2021, it is no surprise that the ratio for the year was at 2%. For FY21-22, the farebox ratio is projected at 9% based on the budget, although recent trends point to a better outcome. A condition for receipt of sales tax provided under the state's Transportation Development Act (TDA) is meeting a target farebox ratio that is dependent upon agency size. Last year, the state suspended the minimum farebox ratio funding criteria until further notice.

³ The Downtown-Waterfront Shuttle had already been suspended by MTD since May 2020 due to the pandemic.

⁴ The farebox return ratio is equal to fare revenue divided by total operating costs. It is a key financial performance indicator measuring the extent that a transit operator is covering its operating expenses with passenger fares.

Federal §5307 Funding – The District's \$5.8 million in FTA Section 5307 formula operating assistance in FY20-21 was allocated through a one-year extension of the Fixing America's Surface Transportation (FAST) Act, which expired at the end of FY19-20. The District's §5307 apportionments again included merit-based STIC program funds.⁵ At the time of this writing, a replacement bill for the FAST Act has not been authorized. The Infrastructure Investment and Jobs Act, approved by the Senate in August 2021, includes the reauthorization of surface transportation funding. The House has not yet voted on the bill. In its current form, the five-year infrastructure bill includes an estimated 28% rise in §5307 formula funding for FY21-22 with 2% annual increases thereafter. While positive news, the bill could be altered significantly as it is subject to further negotiation before becoming law.

Santa Barbara UZA – One of the main determinants of the District's Section 5307 formula funding apportionment is the population of the Santa Barbara urbanized area (UZA). This population is determined by the U.S. Census Bureau. If the 2020 census finds that the Santa Barbara UZA population exceeds 200,000, under current federal methodologies the District would transition from a "small" urbanized area to a "large" urbanized area. The result could be a loss of up to \$1.9 million annually if this occurs, mainly due to the loss of STIC funding. Preliminary census results show the local UZA population just exceeding 200,000. However, the exact make up of UZA has not been finalized and could change this result. Adjustments in FTA funding from the census results are expected to first take effect for FY23-24.

STA Funding – State Transit Assistance Funds (STA) allocated to the District each year are held in trust by the Santa Barbara County Auditor-Controller until needed. Although available for operating purposes under certain conditions, District practice is to use STA for capital expenses. As the District incurs costs for capital projects funded with STA, a request is submitted to the County for reimbursement. Under accounting standards, STA funds held in trust are not recognized in the District's financial statements. The District's FY20-21 STA allocation was \$2.8 million while \$864,000 was spent for capital projects during the period. This increased the STA balance held by the County to \$10.8 million. The District's five-year capital budget includes full use of this balance.

Collective Bargaining Agreement – District drivers, driver supervisors, mechanics, and service workers are represented by the International Brotherhood of Teamsters Local 186. The current three-year collective bargaining agreement expires at the end of FY21-22 this coming June. The District will begin negotiations with the Teamsters for a new agreement in early 2022.

CARB ICT & ZEB Goal – In 2018, the California Air Resources Board adopted the Innovative Clean Transit (ICT) regulation requiring complete transition to zero emission bus (ZEB) fleets by 2040. To accelerate the elimination of District-generated greenhouse gas emissions, the Board has adopted a goal for a carbon-free fleet by 2030. While challenging, The District is making headway toward accomplishing the goal with emission-free replacement buses on order and an increase in charging infrastructure capacity that will soon be underway.

EV Bus Acquisitions – The District currently has four 40-foot New Flyer battery-electric buses on order with delivery expected by the fall of 2022. The \$4.8 million contract will be funded through a number of state and federal grant programs including emissions credits from several sources. The District recently accepted an offer from the FTA to submit a grant to use \$3.8 million in older formula capital funds soon lapsing. With a local match using STA funds, five additional carbon-free New Flyer buses will soon be ordered. With the nine new buses, the revenue vehicle fleet will include 23 ZEVs. Also on order are three electric vans for the new microtransit service.

⁵ The Small Transit-Intensive Cities (STIC) program distributes a portion of 5307 funds to transit agencies meeting criteria measuring efficiency and service density. MTD has qualified for the maximum STIC allocation since inception.

SCE Charge Ready Project – An SCE Charge Ready Heavy-Duty program grant will provide the onsite electrical capacity to install 14 new charge ports at Terminal 1. The District is responsible for the infrastructure to bring the power to the charging stations. Both Southern California Edison and the District have submitted plans to the City of Santa Barbara for review. At the completion of the project, the facility will have a total of 29 charge ports available to support the transition to zero emission buses.

Microgrid – The District was awarded a California Energy Commission grant to fund a plan for developing a microgrid at Olive Terminal. A microgrid would use solar arrays, energy storage batteries, and a power management system to maintain the District's bus charging infrastructure during power disruptions. The District has engaged the services of Calstart to develop the plan.

Overpass Terminal Recommissioning – Preliminary work for the reopening of the District's Overpass Terminal in the City of Goleta is underway. One goal of the project is to accommodate the dispatch of up to 30 zero-emission buses at the site. Previously completed are a structural assessment, land survey, and project cost analysis. The design of the revamped facility is in progress with the goal of initiating project work in the spring of 2022.

Calle Real Development – Progress towards the residential development of the District's Calle Real property moved forward with a second solicitation for property development proposals. Negotiations with interested developers are ongoing. The District property includes 19 acres of real estate north of Calle Real between Highway 154 and Turnpike Road.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's financials for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, Santa Barbara Metropolitan Transit District, 550 Olive Street, Santa Barbara, CA 93101.

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FINANCIAL STATEMENTS

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**Current assets**

Cash and investments	\$ 13,618,203
Grants receivable	5,111,578
Other receivable	41,336
Materials and supplies inventories	828,980
Other current assets	<u>322,052</u>
Total current assets	<u>19,922,149</u>

Noncurrent assets

Cash and investments restricted for capital support	1,936,203
Capital assets:	
Tangible transit operating property	81,148,064
Right-of-use asset	2,174,252
Less: Accumulated depreciation/amortization	<u>(45,343,640)</u>
Capital assets, net	<u>37,978,676</u>
Total noncurrent assets	<u>39,914,879</u>

Total assets	<u>59,837,028</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to other post-employment benefits (OPEB)	<u>353,733</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>60,190,761</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**Current liabilities**

Accounts payable	\$ 505,293
Accrued payroll	598,181
Accrued expenses	1,472,440
Compensated absences payable - current portion	564,755
Capital lease - current portion	<u>252,346</u>
Total current liabilities	<u>3,393,015</u>

Noncurrent liabilities

Compensated absences payable, net of current portion	751,798
Advances on grants	1,936,203
Claims liability	3,697,929
Net OPEB liability	1,554,885
Capital lease, net of current portion	<u>1,370,855</u>
Total noncurrent liabilities	<u>9,311,670</u>

Total liabilities	<u>12,704,685</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to other post-employment benefits (OPEB)	<u>55,726</u>
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NET POSITION

Net investment in capital assets	36,346,330
Unrestricted	<u>11,084,020</u>

Total net position	<u>47,430,350</u>
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ <u>60,190,761</u>
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See notes to financial statements.

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Santa Barbara Metropolitan Transit District Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2021

OPERATING REVENUES

Passenger fares	\$ 400,145
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OPERATING EXPENSES

Route operations	14,780,226
Vehicle maintenance	5,077,825
Passenger accommodations	1,489,323
General overhead	3,472,989
Postemployment health care benefits	230,133

Total operating expenses before depreciation and amortization	25,050,496
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Depreciation and amortization	4,606,845
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Total operating expenses	29,657,341
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OPERATING LOSS	(29,257,196)
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NONOPERATING REVENUES (EXPENSES)

Non-transportation revenue, including interest, advertising, rent, and miscellaneous	347,332
Taxes levied by Santa Barbara County for the District	1,450,823
Transportation Development Act funding and allocations	8,470,654
Federal grants	11,590,054
Measure A grants	2,398,429
Miscellaneous grants	382,778
Loss on disposal of assets	(46,757)

Nonoperating revenues, net	24,593,313
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CAPITAL CONTRIBUTIONS

Capital grants:	
Federal Transit Administration	694,377
State Transit Assistance	863,685
Measure A	1,024,054
Local	24,821

Total capital contributions	2,606,937
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CHANGE IN NET POSITION	(2,056,946)
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NET POSITION

Beginning of year	49,487,296
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End of year	\$ 47,430,350
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See notes to financial statements.

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Santa Barbara Metropolitan Transit District Statement of Expenses Year Ended June 30, 2021

LABOR

Operators' wages	\$ 6,315,897
Other salaries and wages	<u>4,554,662</u>
Total labor	<u>10,870,559</u>

FRINGE BENEFITS

Payroll taxes	968,469
Retirement plans	1,329,280
Health and welfare	3,372,135
Workers compensation	944,779
Sick pay	333,898
Holiday pay	398,013
Vacation pay	808,546
Other paid absences	90,745
Uniform and tool allowances	<u>47,605</u>
Total fringe benefits	<u>8,293,470</u>

SERVICES

Professional and technical including directors' fees	321,761
Outside services	129,190
Contract maintenance services	512,160
Promotion and printing	<u>65,715</u>
Total services	<u>1,028,826</u>

MATERIALS AND SUPPLIES

Fuels and lubricants	1,431,049
Tires and tubes	129,519
Bus parts	652,586
Other materials and supplies	219,311
Electric bus power	<u>32,035</u>
Total materials and supplies	<u>2,464,500</u>

UTILITIES AND TELEPHONE

267,206

CASUALTY AND LIABILITY COSTS

630,842

PURCHASED TRANSPORTATION

1,001,560

MISCELLANEOUS

Dues and subscriptions	50,926
Travel, meetings and training	5,560
Purchased media	600
Other miscellaneous expenses	<u>436,447</u>
Total miscellaneous	<u>493,533</u>

Total expenses before depreciation and amortization

25,050,496

DEPRECIATION AND AMORTIZATION

4,606,845

TOTAL EXPENSES

\$ 29,657,341

See notes to financial statements.

Cash flows from operating activities	
Receipts from transit customers	\$ 444,638
Payments to suppliers and vendors	(6,538,328)
Payments to employees/benefits	<u>(18,910,375)</u>
Net cash used in operating activities	<u>(25,004,065)</u>
Cash flows from noncapital financing activities	
Operating grants received	20,936,133
Non-transportation revenue, including advertising, rental, and miscellaneous	290,200
Taxes levied by Santa Barbara County	<u>1,450,823</u>
Net cash provided by noncapital financing activities	<u>22,677,156</u>
Cash flows from capital and related financing activities	
Acquisition of property and equipment	(2,378,394)
Proceeds from sale of assets	10,279
Payments made on capital leases	(237,686)
State and local grant advances	783,913
Federal, state, and local capital grants received	<u>6,048,898</u>
Net cash provided by capital and related financing activities	<u>4,227,010</u>
Cash flows from investing activity	
Interest earned	<u>57,132</u>
Net cash provided by investing activity	<u>57,132</u>
Change in cash and investments	1,957,233
Cash and investments, beginning of year	<u>13,597,173</u>
Cash and investments, end of year	<u>\$ 15,554,406</u>
Cash and investments	\$ 13,618,203
Cash and investments restricted for capital support	<u>1,936,203</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 15,554,406</u>

See notes to financial statements.

Reconciliation of operating loss to net cash provided by (used in)**operating activities**

Operating loss	\$ (29,257,196)
Depreciation and amortization	4,606,845
Changes in:	
Other receivable - excluding grants	44,493
Materials and supplies inventories	(47,626)
Other current assets	(29,780)
Accounts payable and accrued expenses net of capital acquisitions	(369,967)
Compensated absences payable	32,640
Accrued damage, injury and employee claims	(145,491)
Other post-employment benefit liabilities and related deferrals	<u>162,017</u>
Net cash used in operating activities	\$ <u>(25,004,065)</u>

See notes to financial statements.

NOTE 1 REPORTING ENTITY

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

The District is a special purpose governmental unit with no component units.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District are in conformity with accounting principles generally accepted in the United States of America applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the significant accounting policies:

Basic Financial Statements

The basic financial statements (i.e., the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Expenses; and the Statement of Cash Flows) report information on the enterprise activities of the District. These basic financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*, and related standards; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus 2017*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The standards provide for significant changes in terminology; recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Position; inclusion of a Management's Discussion and Analysis as supplementary information; and other changes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing transportation services. The principal operating revenues of the District are charges to passengers for transportation services (passenger fares). Operating expenses include the cost of providing service, including general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accounting records of the District are subject to the uniform accounting system for transit districts as set forth by the Federal Transit Administration (FTA) and the California State Controller's Office.

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

Taxes

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

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

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

Cash and investments

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

All investments are stated at fair value, except for certain designated money market investments that have a remaining maturity of less than one year when purchased which are stated at amortized cost. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and Agency obligations. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investment income, including changes in fair value, is included in nonoperating revenues.

Restricted Uses of Cash

As of June 30, 2021, the District held \$1,523,559 of Low Carbon Transit Operations Program (LCTOP) cash restricted for Microtransit services. The District also held \$406,929 of University of California of Santa Barbara (UCSB) cash restricted for future capital asset replacements or upgrades associated with Line 28 service. An additional \$5,715 of cash restricted for future capital bus stop improvements was received from a local agency.

Inventories

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

Capital Assets

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

The District's policy is to capitalize all property and equipment with a cost greater than \$500 and a useful life of more than one year.

Compensated Absences

The District accrues for vested vacation and sick pay when it is earned by employees. Regular full-time employees are entitled to accrue up to 5 weeks of vacation depending upon the employee's years of employment. Regular full-time employees are also entitled to accrue paid sick time up to a maximum of 80 hours per year. Accumulated unpaid vacation and vested sick leave pay are recorded as an expense and a liability at the time the benefit is earned. The amount of vested vacation pay accrued as of June 30, 2021 was \$901,754. The amount of vested sick pay accrued as of June 30, 2021 was \$414,799.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Claims Payable

The District's uninsured claims are accrued and charged to expense when the claims are reasonably determinable and the existence of liability is probable. Claims payable as of year-end includes an estimate for claims for worker's compensation that have been incurred but not reported (IBNR).

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Accounting principles generally accepted in the United States of America require that the reported results must pertain to liability and asset information within certain defined timeframes.

Deferred Inflows and Outflows of Resources

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and therefore are not recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and therefore, are not recognized as revenue until that time.

Net Position

In the Statement of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation/amortization and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount represents net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal, State, and Local Subventions

Federal, state and local governments have made various grants and subventions available to the District for operating assistance and for various purposes connected with the planning, modernization, and expansion of transportation facilities and equipment. Grants for operating assistance, the acquisition of equipment or other capital outlay are not formally recognized in the accounts until the grant becomes a valid receivable as a result of the District's complying with appropriate grant requirements. Operating assistance grants are included in nonoperating revenues in the year in which the related expenses are incurred. Revenues earned under capital grants are recorded as capital contributions.

New Accounting Pronouncements, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The District will implement this statement when and where applicable.

GASB Statement No. 90 – Majority Equity Interests – an amendment of GASB Statement No. 14 and No. 61. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District will implement this statement when and where applicable.

GASB Statement No. 91 – Conduit Debt Obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The District will implement this statement when and where applicable.

GASB Statement No. 92 – Omnibus 2020. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District will implement this statement when and where applicable.

GASB Statement No. 93 – Replacement of Interbank Offered Rates. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District will implement this statement when and where applicable.

GASB Statement No. 94 – Public-Private and Public-Private Partnership and Availability Payment Arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The District will implement this statement when and where applicable.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District will implement this statement when and where applicable.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**New Accounting Pronouncements, Not Yet Effective (Continued)**

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans. The requirements in paragraph 4 as it applies to defined contribution plans, defined contribution OPEB plans, and other employee benefit plans, and paragraph 5 are effective immediately. All other requirements are effective for fiscal years beginning after June 15, 2021. The District will implement this statement when and where applicable.

GASB Statement No. 98 – The Annual Comprehensive Financial Report. The requirements of this statement are effective for reporting periods ending after December 15, 2021. The District will implement this statement when and where applicable.

NOTE 3 CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$	13,618,203
Cash and investments restricted for capital support		<u>1,936,203</u>
Total cash and investments	\$	<u><u>15,554,406</u></u>

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$	38,590
Deposits with a financial institution		9,635,745
Investments - LAIF		<u>5,880,071</u>
Total cash and investments	\$	<u><u>15,554,406</u></u>

The District does not have a formal Investment Policy. The District is subject to state laws, codes and regulations regarding the investment of public funds.

Demand Deposits

As of June 30, 2021, the carrying amount of the demand deposits was \$9,635,745 and the bank balance was \$9,600,890, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in the District's name as discussed under Custodial Credit Risk. Certain cash accounts are pooled and swept nightly to a concentration account.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. Collateral is held by the pledging financial institution's trust department and is considered held in the District's name. The District may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The District has \$250,000 that is insured by the FDIC as of June 30, 2021. The remaining portion of the deposit with financial institution at June 30, 2021, of \$9,350,890, is collateralized as described above.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in LAIF at June 30, 2021 was not rated.

Custodial Credit Risk

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Local Agency Investment Funds (LAIF)

The District is a voluntary participant in the California State Treasurer's LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

LAIF investments include the following:

- Structured Notes – debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises.
- Asset-Backed Securities – entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs), small business loans or credit card receivables.

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

The District had \$5,880,071 invested in LAIF, at June 30, 2021. They were invested in the pooled investment funds in structured notes and asset-backed securities at 2.31% at June 30, 2021. The LAIF fair value factor of 1.00008297 at June 30, 2021 was used to calculate the fair value of the investments in LAIF. The financial statements for LAIF are available at <http://www.treasurer.ca.gov/pmia-laif/laif.asp>.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments in LAIF totaling \$5,880,071 as of June 30, 2021, are measured at a mix of fair value and amortized cost.

NOTE 4 RECEIVABLES

Grants receivable at June 30, 2021 are summarized as follows:

Federal Transit Administration	\$ 3,235,889
State Transit Assistance	826,814
Measure A	1,024,054
Other	<u>24,821</u>
	<u>\$ 5,111,578</u>

Other receivables are as follows:

Trade receivables	<u>\$ 41,336</u>
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Federal Transit Administration (FTA)

Under the provisions of the grant agreements with FTA, funds are available to the District for maintenance costs, acquisition, construction, improvement and maintenance of transit facilities, transit vehicles and equipment.

State Transit Assistance (STA)

State Transit Assistance program is created under the Transportation Development Act (TDA) by the State of California (State). Funds are available to the District for maintenance costs, acquisition, construction, improvement and maintenance of transit facilities, transit vehicles and equipment.

Measure A

Measure A is a voter-approved one-half of one percent sales tax for transportation projects and programs for the purpose of improving the transportation system of the Santa Barbara County. Measure A is administered by the Santa Barbara County Association of Governments.

NOTE 5 CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2021 are as follows:

	Beginning of Year	Additions	Transfers	Disposals/ Retirements/ Adjustments	End of Year
Capital assets not depreciated					
Land	\$ 5,596,296	\$ -	\$ -	\$ -	\$ 5,596,296
Work in progress	5,632,923	365,635	(4,375,909)	(5,876)	1,616,773
Total Capital Assets, Not Being Depreciated	11,229,219	365,635	(4,375,909)	(5,876)	7,213,069
Buildings	14,305,303	699,573	4,138,825	(94,599)	19,049,102
Buses	48,009,798	1,061,960	212,127	(473,578)	48,810,307
Right-of-use asset	2,174,252	-	-	-	2,174,252
Other equipment	6,067,606	251,226	24,957	(268,203)	6,075,586
Total Capital Assets, Being Depreciated	70,556,959	2,012,759	4,375,909	(836,380)	76,109,247
Less Accumulated Depreciation/Amortization	(41,522,015)	(4,606,845)	-	785,220	(45,343,640)
Total Capital Assets, Being Depreciated, Net	29,034,944	(2,594,086)	4,375,909	(51,160)	30,765,607
Total Capital Assets, Net	\$ 40,264,163	\$ (2,228,451)	\$ -	\$ (57,036)	\$ 37,978,676

Depreciation and amortization expense for the fiscal year ended June 30, 2021 was \$4,606,845.

NOTE 6 LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

Type	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Capital Lease	\$ 1,860,887	\$ -	\$ (237,686)	\$ 1,623,201	\$ 252,346
Compensated Absences	1,283,913	66,043	(33,403)	1,316,553	564,755
Total	\$ 3,144,800	\$ 66,043	\$ (271,089)	\$ 2,939,754	\$ 817,101

Capital Lease

The District entered into a capital lease with BYD Motors LLC for six K7 30-foot BYD battery-electric buses for the provision of public transit service. The stated lease term is 96 months from January 1, 2019, through December 31, 2026. The term for two of the six buses was delayed until April 1, 2019, when the vehicles were available for revenue service. Total monthly lease payments are \$28,573 before the application of sales tax. The initial lease liability was \$2,174,250 based upon a value of \$362,375 per bus and a 6% interest rate. The minimum lease term is 24 months and includes a buy-out option for \$362,375 per bus reduced by all lease payments made up to the time of exercise, including interest paid. The District maintains the express right to terminate the lease subject to an early termination fee of three times the monthly lease payment.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**Capital Lease (Continued)**

Due to delays in bringing the buses into compliance with the contract specifications, lease payments were delayed until May 2020 and made retroactively to January 2019, a date mutually agreed to between the parties based upon various in-service dates.

The annual requirements to amortize the lease payable outstanding, including interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 252,346	\$ 90,528
2023	267,910	74,964
2024	284,434	58,440
2025	301,977	40,896
2026	320,602	22,271
2027	195,932	4,078
	<u>\$ 1,623,201</u>	<u>\$ 291,177</u>

At June 30, 2021, the cost of the assets under the capital lease was \$2,174,252 and the related accumulated depreciation and amortization was \$656,804.

Compensated Absences

Employees annually accrue compensated absence time, consisting of vacation and sick time dependent on job classification and tenure ranging from 80 hours to 320 hours per year. Accrued compensated absences for vacation as of June 30, 2021 was \$901,754. Accrued sick pay vested as of June 30, 2021 was \$414,799.

NOTE 7 NET POSITION

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

NOTE 7 NET POSITION**Capital Contributions**

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

Capital contributions for the fiscal year ended June 30, 2021 were as follows:

Federal grants	\$ 694,377
Sales tax	1,887,739
Miscellaneous grants	24,821
Total capital contributions	<u>\$ 2,606,937</u>

NOTE 8 TDA FUNDING AND ALLOCATIONS

The allocation of TDA funds to the District is subject to the provisions of Section 99268.2 of the Public Utilities Code, which includes the maintenance of a ratio of fare revenues to operating costs (farebox ratio) of at least 20%. During the fiscal year ended June 30, 2021, the District's farebox ratio was 2%.

It is noteworthy mentioning that on June 29, 2020, the Governor approved Assembly Bill No. 90 which prohibits the imposition of penalties on an operator that does not maintain the required ratio of fare revenues to operating costs during FY 2019-2020 and FY 2020-2021.

TDA funding and usage for the year ended June 30, 2021 are as follows:

Funding	
Local Transportation Fund (SB 325)	\$ 8,470,654
State Transit Assistance Fund (SB 620)	863,685
	<u>\$ 9,334,339</u>
Usage	
Operations	\$ 8,470,654
Capital projects	863,685
	<u>\$ 9,334,339</u>

NOTE 9 FEDERAL GRANTS AND REIMBURSEMENTS

Federal grants and reimbursements for the year ended June 30, 2021 are as follows:

FTA	
Operating grants	\$ 11,590,054
Capital grants	694,377
Total	\$ <u>12,284,431</u>

NOTE 10 RETIREMENT PLANS

Two employee groups are covered under the District's retirement plans as follows:

Employee Group	Plan Names	Retirement Plan Expense
Union	Teamsters Union	\$ 1,034,308
Non-Union Deferral Plan	Profit-Sharing and Salary Deferral	279,973
Total		\$ <u>1,314,281</u>

Teamsters Union Pension Plan

This plan covers union employees and is a "cost sharing" defined benefit plan. The District had the following statistics as of June 30, 2021:

Required work hour contribution (up to 173.33 hours per month)	\$ 3.53
Total pension hours	292,405
Accrued pension	\$ 84,287

Western Conference of Teamsters Pension Trust (the Plan) is a multiemployer plan that administers the cost-sharing pension plan for those District employees covered by the collective bargaining agreement. As noted above, this is a defined benefit pension plan in which pension benefits are based on a set formula so that an employee's future benefit can be determined by the formula. Pension benefits in general are paid as monthly benefits over a participant's lifetime. The Plan has the authority to establish and/or amend the plan and its benefits. Based on the most recent actuarial certification the Plan is in the "green zone" in 2021, meaning the Plan is in good financial position. Additional information, such as the Plan's financial reports, can be found at www.wctpension.org/site-index. In the event an employer withdraws from the Plan, the employer's withdrawal liability is based on the employer's share of the unfunded vested benefits of the multiemployer Plan.

NOTE 10 RETIREMENT PLANS (CONTINUED)

The period of coverage for the existing collective bargaining agreement between the District and Teamsters Union-Local 186 is July 1, 2019, through June 30, 2022. In 2021, there were 158 employees covered under the Plan. The collective bargaining agreement is the basis for determining the District's employer's required contribution as well as any changes/amendments. In 2021, the employer's required contribution was approximately \$1 million. Based on the agreement, there are no minimum contributions required for future periods. For fiscal year 2021, the pension payable was \$84,287 since the payments for June 2021 occurred after the fiscal year end.

Profit Sharing and Salary Deferral Plan

Effective July 1, 1985, the District established the Profit Sharing Plan and Salary Deferral Plan for non-union employees not covered by the union plan. The plan is a defined contribution plan. The plan is administered by the District, which contracts the administration to NFP Retirement.

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

The District's contributions for fiscal year 2020 were based upon a payroll of \$2,799,733 for non-union employees. The District contributed \$279,973 (10% of covered payroll) and covered employees contributed \$317,340.

NOTE 11 RISK MANAGEMENT

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

The District has Self-Insured Retention policies with general liability coverage of \$15 million on any one claim, including self-insured amounts per claim as follows:

April 1, 2002 to March 31, 2022	\$250,000
April 1, 2001 to March 31, 2002	\$100,000
April 1, 1995 to March 31, 2001	\$250,000

The District has elected to self-insure its obligations for workers' compensation claims. On January 1, 2005, the District joined PRISM, formerly known as CSAC Excess Insurance Authority, with a self-insurance retention of \$500,000 and a limit of \$5 million on any one claim. As of July 01, 2020 the self-insurance retention is \$250,000. Claim amounts exceeding \$5 million are covered by PRISM. Claim amounts exceeding \$50 million are covered statutorily by Liberty Insurance Corporation.

NOTE 11 RISK MANAGEMENT (CONTINUED)

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

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

An analysis of claims activities for general liability and workers' compensation liability is presented below:

Claims liability - beginning of year	\$ 4,754,849
Claims and changes in estimates	588,640
Actual claim payments	(745,359)
Claims liability - end of year	<u>\$ 4,598,130</u>

NOTE 12 COMMITMENTS AND CONTINGENCIES**Paratransit Service – Easy Lift**

For fiscal year 2021, the District entered into an agreement with Easy Lift Transportation to provide a subsidy of \$1,001,560 for paratransit services. The amount can be adjusted by mutual consent if the District requests an adjustment in the amount of paratransit service to be provided. If for any reason, Easy Lift failed to provide the required ADA paratransit service, the District would continue to be responsible for the service under Federal law. The District would be required to implement a replacement service on very short notice, at a cost that would likely exceed the current subsidy.

The District is required under Federal law, the Americans with Disabilities Act of 1990 (ADA), to ensure that complementary paratransit service is available wherever and whenever the District provides fixed-route bus service. The District complies with this requirement by partially subsidizing the paratransit service provided by Easy Lift Transportation. The District signed a contract with Easy Lift in May 2019 for these services. The District, by written notice, may terminate this contract, in whole or in part, when it is in its best interest.

Federal Grant Contracts

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

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lawsuits

The District is named in certain legal actions pending at June 30, 2021. While the outcome of these lawsuits is not presently determinable, in the opinion of management of the District, based in part on the advice of counsel, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of the District, or is adequately covered by insurance.

NOTE 13 OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB)

Plan Description

The District provides OPEB in the form of monthly reimbursement towards the retiree's health plan premium for eligible union retirees, and eligible staff retirees and their spouses of amounts not to exceed \$285 per month. The authorities under which benefit provisions are established or may be amended are the collective bargaining agreement for union employees and the District Board of Directors for non-union employees. Employees hired under the Collective Bargaining Agreement after March 1, 2014 are excluded from the plan. The OPEB Plan is restricted to represented employees hired before March 1, 2014, and for non-represented employees hired before July 1, 2018.

Employees Covered

Based on the OPEB actuarial valuations with measurement date of June 30, 2020, the following current and former employees were covered by the benefit terms of the OPEB Plan:

Active employees	145
Inactive employees of beneficiaries currently receiving benefits	<u>25</u>
Total	<u><u>170</u></u>

Contributions

The contribution requirements of the District are established and may be amended by the District Board. These contributions are neither mandated nor guaranteed. The District has retained the right to unilaterally modify its payment for retiree health care benefits. For the year ended June 30, 2021, the District has not made any contribution to the Plan. Employees are not required to contribute to the OPEB Plan.

NOTE 13 OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB) (CONTINUED)**Funding Policy and Annual OPEB Cost**

During fiscal year 2017, the District joined the California Employers Retirement Benefit Trust (CERBT) to begin prefunding its OPEB obligation. CERBT is an irrevocable Section 115 agent multi-employer trust fund established by Chapter 331 of the California Statutes of 1988 dedicated to prefunding OPEB for all eligible California public agencies and is administered by CalPERS. At the time of inception, the District elected to establish the trust with a \$1,000,000 contribution. In fiscal year 2018, an additional \$500,000 contribution to the trust was made. Funding is not based on actuarially determined contributions and contributions are neither statutory nor contractually established. Current policy does not obligate the District to further fund its OPEB obligation. In fiscal year 2019, the District began drawing funds from the OPEB trust to cover the cost of current year retiree health benefit payouts. Prior to that, the District funded the OPEB Plan on a pay-as-you-go basis.

The District's annual OPEB cost (expense) for the OPEB Plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75 beginning in fiscal year 2018. The ARC represents the normal cost and amortization of unfunded actuarial liabilities over 30 years.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The following actuarial methods and assumptions were used:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Actuarial Assumptions:	
Discount rate	6.10%
Inflation	3.00%
Salary increase	3.00%
Investment rate of return	6.10%
Healthcare cost trend rates:	
Medicare Advantage	22.15% for 2020 and decreasing ratably to 4.5% for 2029 and later years
Medicare Supplement	5.5% for 2020, decreasing ratably to 4.5% for 2029 and later years
Dental	4.5% for 2020, static through 2029 and later years

The mortality table was updated from base rates developed in the 1997-2011 CalPERS Study for Miscellaneous employees with projected improvement based on scale MP-2016 to the Pub-2010 headcount weighted tables for general employees with projected improvement based on scale MP-2018.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2018 – June 30, 2019.

NOTE 13 OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB) (CONTINUED)**Net OPEB Liability (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (1 - 10 Years)</u>
Global Equity	40%	4.80%
Fixed Income	43%	1.10%
Treasury Inflation-Protected Securities	8%	3.20%
Real Estate Investment Trusts	5%	0.25%
Commodities	4%	1.50%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.10% as of June 30, 2020. The rate is based on long-term expected rate of return for CERBT Strategy 2 determined by CalPERS.

Changes in the Net OPEB Liability

The changes in the net OPEB liability for the year ended June 30, 2021 are as follows:

	<u>Total OPEB Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (c) = (a) - (b)</u>
Balance at June 30, 2020	\$ 2,683,817	\$ 1,593,625	\$ 1,090,192
Changes Recognized for the Fiscal Year:			
Service Cost	38,234	-	38,234
Interest on the Total OPEB Liability	188,151	-	188,151
Change of Assumptions	322,232	-	322,232
Benefit Payments	(69,547)	(69,547)	-
Net Investment Income	-	84,712	(84,712)
Administrative Expense	-	(788)	788
Net Changes	<u>479,070</u>	<u>14,377</u>	<u>464,693</u>
Balance at June 30, 2021			
(Based on June 30, 2020 Measurement Date)	\$ <u>3,162,887</u>	\$ <u>1,608,002</u>	\$ <u>1,554,885</u>

NOTE 13 OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB) (CONTINUED)

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the fiscal year ended June 30, 2021.

	1% Decrease (5.10%)	Current Rate (6.10%)	1% Increase (7.10%)
Total OPEB Liability	\$ 3,576,090	\$ 3,162,887	\$ 2,795,599
Plan Fiduciary Net Position	1,608,002	1,608,002	1,608,002
Net OPEB Liability	<u>\$ 1,968,088</u>	<u>\$ 1,554,885</u>	<u>\$ 1,187,597</u>

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

The following presents the net OPEB liability of the District if it were calculated using a health care cost trend that is one percentage point lower or one percentage point higher than the trend rate, for the measurement period ended June 30, 2020.

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 2,724,359	\$ 3,162,887	\$ 3,676,828
Plan Fiduciary Net Position	1,608,002	1,608,002	1,608,002
Net OPEB Liability	<u>\$ 1,116,357</u>	<u>\$ 1,554,885</u>	<u>\$ 2,068,826</u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

NOTE 13 OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$162,018. As of June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	\$ -	\$ (55,726)
Changes in Assumptions	331,748	-
Net Differences between Projected and Actual Earnings on Plan Investments	21,985	-
Total	\$ 353,733	\$ (55,726)

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Years ending June 30	Amount
2022	\$ 44,107
2023	43,056
2024	41,365
2025	42,061
2026	37,151
Thereafter	90,267
	\$ 298,007

NOTE 14 ADVANCES ON GRANTS

	UCSB Capital	LCTOP Capital	Other Capital	Total Capital	LCTOP Operating	Total Operating	Total Operating & Capital
Assistance:							
Excess Operating Funds at June 30, 2020	\$ 406,929	\$ 252,639	\$ -	\$ 659,568	\$ 492,722	\$ 492,722	\$ 1,152,290
FY21 Allocations received	-	-	5,715	5,715	778,053	778,053	783,768
FY21 Interest earned	-	26	-	26	119	119	145
Funds available	406,929	252,665	5,715	665,309	1,270,894	1,270,894	1,936,203
Less: FY21 Eligible costs	-	-	-	-	-	-	-
Excess Operating Funds at June 30, 2021	\$ 406,929	\$ 252,665	\$ 5,715	\$ 665,309	\$ 1,270,894	\$ 1,270,894	\$ 1,936,203

NOTE 15 IMPACT OF THE CORONAVIRUS ON THE DISTRICT'S OPERATIONS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries including the geographical area where the District operates. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities.

Management believes that the financial impact, if any, did not materially affect the District's financial statements.

NOTE 17 SUBSEQUENT EVENTS

The District has evaluated events subsequent to June 30, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 8, 2021, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Santa Barbara Metropolitan Transit District Required Supplementary Information An Agent Multiple-Employer Defined Benefit Pension Plan Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios (Unaudited)

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 38,234	\$ 46,605	\$ 45,248	\$ 43,930
Interest Cost	188,151	180,233	170,170	161,053
Changes in Benefits Terms	-	(147,814)	-	-
Differences Between Expected and Actual Experiences	-	-	-	(7,884)
Actual Experience	-	(67,492)	-	-
Changes of Assumptions	322,232	63,172	-	-
Benefit Payments	(69,547)	(67,552)	(65,645)	(59,133)
Net Change in Total OPEB Liability	479,070	7,152	149,773	137,966
Total OPEB Liability - Beginning	2,683,817	2,676,665	2,526,892	2,388,926
Total OPEB Liability - Ending	\$ 3,162,887	\$ 2,683,817	\$ 2,676,665	\$ 2,526,892
Plan Fiduciary Net Position				
Contributions - Employer	\$ -	\$ -	\$ 565,645	\$ 1,059,133
Net Investment Income	84,712	105,941	61,784	(5,256)
Benefit Payments	(69,547)	(67,552)	(65,645)	(59,133)
Administrative Expenses	(788)	(757)	(535)	-
Net Change in Plan Fiduciary Net Position	14,377	37,632	561,249	994,744
Plan Fiduciary Net Position - Beginning	1,593,625	1,555,993	994,744	-
Plan Fiduciary Net Position - Ending	1,608,002	1,593,625	1,555,993	994,744
Net OPEB Liability - Ending	\$ 1,554,885	\$ 1,090,192	\$ 1,120,672	\$ 1,532,148
Net Position as a Percentage of OPEB Liability	50.84%	59.38%	58.13%	39.37%
Covered Employee Payroll	\$ 8,895,129	\$ 9,970,053	\$ 10,346,378	\$ 13,100,000
Net OPEB Liability as a Percentage of Covered Employee Payroll	17.48%	10.93%	10.83%	11.70%

Changes in assumptions - The discount rate decreased 7.00% to 6.10% for the measurement period ended June 30, 2019 and 2020, respectively.

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future year's information will be displayed up to ten years as information becomes available.

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

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COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance with Transportation Development Act Requirements

We have audited the Santa Barbara Metropolitan Transit District's (the District) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the District were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Santa Barbara County Association of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2021.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

- a) Determine whether the claimant was an entity eligible to receive the funds allocated to it.
- b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99243.
- c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000.
- d) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions.



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

Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

Opinions

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the District for the year ended June 30, 2021.

Purpose of this Report

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

Glendale, California
November 8, 2021

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BOARD OF DIRECTORS REPORT

MEETING DATE: NOVEMBER 16, 2021 **AGENDA ITEM: #8**

DEPARTMENT: GOVERNMENT RELATIONS

TYPE: INFORMATIONAL ITEM

PREPARED BY: STEVE MAAS _____
Signature

REVIEWED BY: GENERAL MANAGER _____
Signature

SUBJECT: INFRASTRUCTURE INVESTMENT AND JOBS ACT

RECOMMENDATION:

Staff will provide an update on the Infrastructure Investment and Jobs Act (IIJA), the bipartisan bill passed by the Senate on August 10 and the House on November 5.

DISCUSSION:

IIJA Summary

The \$1.2 trillion IIJA, which incorporates the new five-year transportation reauthorization bill, represents the largest infrastructure investment in the nation's history. Approximately \$550 billion of the total is new funding (i.e., above the "baseline" FY 2021 funding level) for transit, roads, bridges, water, and other infrastructure. The \$550 billion in new funding includes the following:

- Roads & Bridges: \$110 Billion
- Passenger and Freight Rail: \$66 Billion
- Safety: \$11 Billion
- Public Transit: \$39.2 Billion
- Broadband: \$65 Billion
- Ports and Waterways: \$16.6 Billion
- Airports: \$25 Billion
- Water Infrastructure: \$55 Billion
- Power & Grid: \$65 Billion
- Resiliency: \$47.2 Billion
- Clean School Buses & Ferries: \$7.5 Billion
- Electric Vehicle Charging: \$7.5 Billion
- Reconnecting Communities: \$1 Billion
- Addressing Legacy Pollution: \$21 Billion
- Western Water Infrastructure: \$8.3 Billion

IIJA Public Transit Funding

Over the next five years, public transit funding included in the reauthorization of the transportation bill and the new funding in the IIJA will provide \$91.1 billion in guaranteed funding and \$15.8 billion in funding requiring annual authorization, for a total of \$106.9 billion.

However, it is important to note that much of the transit funding is for programs that MTD is not eligible for, such as the Fixed Guideway Capital Investment Grants program and the federal State

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Of Good Repair Grants program, which is for rail vehicles (California also has a State of Good Repair program, and MTD does receive funding from the state program).

Section 5307 & Section 5339 Programs

MTD typically benefits from two Federal Transit Administration (FTA) programs:

- Section 5307 Urbanized Area Formula program. MTD receives an annual apportionment from the 5307 program (\$5.8 million in FY 2021).
- Section 5339 Buses and Bus Facilities program. Section 5339 includes a formula program, from which MTD receives an annual apportionment (\$483,520 in FY 2021), and two competitive programs, which MTD applies for each year.

According to the American Public Transportation Association (APTA), the Section 5307 Urbanized Area Formula Program will increase from \$4.93 billion in FY 2021 to \$7.03 billion by FY 2026, representing a 42.5% increase.

However, the Small Transit Intensive Cities (STIC) set-aside from the 5307 program will increase from 2% currently to 3%. MTD currently qualifies for the maximum STIC benefit each year, but will no longer qualify if the 2020 Census finds that the Santa Barbara urbanized area (UZA) exceeds 200,000 population. In addition, the formula for apportioning Section 5307 funds differs for UZAs over 200,000 in population. In total, prior to the increase in the STIC to 3%, staff estimated that MTD would lose approximately \$1.9 million annually in Section 5307 funding if the UZA exceeds 200,000 population. Ultimately, factoring in the nationwide Section 5307 increase with the potential loss of STIC funding, MTD's annual allocation is projected to decrease slightly if the SB UZA were to exceed 200,000 in population.

According to APTA, the Section 5339 Buses and Bus Facilities Program will increase from \$808.65 million in FY 2021 to \$1.15 billion by FY 2026, also representing a 42.5% increase. The increase is spread proportionally in the formula program and both competitive programs as follows:

- Section 5339(a) Formula program
 - From \$464.6 million in FY 2021 to \$662.2 million in FY 2026.
 - MTD's FY 2026 apportionment estimated at \$689,000.
- Section 5339(b) Buses and Bus Facilities Program (nationwide competitive)
 - From \$344.0 million in FY 2021 to \$490.4 million in FY 2026.
 - MTD was awarded \$5.65 million in FY 2016.
 - MTD will continue to apply each year.
- Section 5339(c) Low and No Emission Vehicle program (nationwide competitive)
 - From \$55.0 million in FY 2021 to \$78.5 million in FY 2026.
 - MTD has not been successful with this subprogram.
 - MTD will continue to apply each year.

Staff is hopeful that the Section 5307 and Section 5339 programs, particularly Section 5339(b), will provide significant additional funding that will enhance MTD's ability to move forward with its major ongoing capital projects:

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- Fleet Replacement: Approximately 38¹ of 112 buses are due for replacement at an estimated total cost of approximately \$41.8 million
- Terminal 1 facility rehabilitation and electrification: Approximately \$10 million.
- Terminal 2 facility rehabilitation and electrification: Approximately \$25 million.

Other IIJA Programs

MTD may also benefit from other programs included in the IIJA. The Public Transportation Safety Program includes provisions to enhance practices related to the development of transit agency safety plans, improve safety training, reduce assaults on vehicle operators, and institute measures to reduce vehicular and pedestrian accidents involving buses. The Power and Grid program and the Electric Vehicle Charging program may provide benefits to MTD's fleet and facilities electrification projects. The rules for these programs are not yet available, and staff will monitor the implementation.

¹ Of the thirty-eight (38) buses, twenty-seven (27) are 40' buses, the other eleven (11) are 30' buses that may be replaced, in part, by the BYD electric bus fleet if the Downtown-Waterfront Shuttle service is not restored.



BOARD OF DIRECTORS REPORT

MEETING DATE: NOVEMBER 16, 2021

AGENDA ITEM: #9

DEPARTMENT: CAPITAL PROJECTS

TYPE: ACTION ITEM

PREPARED BY: VALERIE WHITE

Signature

REVIEWED BY: GENERAL MANAGER

Signature

SUBJECT: PURCHASE OF FIVE 40' NEW FLYER BATTERY ELECTRIC BUSES

RECOMMENDATION:

Staff recommends that the Board authorize the General Manager to execute a contract with New Flyer of America Inc. (New Flyer) for \$5,905,595 to procure five 40', low floor, battery-electric buses (BEBs) and accessories using the California Department of General Services (DGS) Contract 1-19-23-17B. Such purchase is contingent upon receipt of a Federal Transit Administration (FTA) mandated Pre-Award Buy America Audit report indicating compliance with Buy America requirements.

BACKGROUND:

MTD's ZEV Fleet Goal and ICT Regulation—MTD has long been a trailblazer in the transit industry, operating battery-electric buses in revenue service as far back as the early '90s. Today, the procurement of BEBs supports both the Board-adopted goal to transition MTD's fleet to 100% zero-emission vehicles (ZEV) by 2030 and CARB's Innovative Clean Transit (ICT) regulation, which requires public transit agencies to transition to a 100% zero-emission bus fleet by 2040.

Current BEB Orders—On September 15, 2020, the Board approved the purchase of four New Flyer BEBs, and the ancillary equipment to meet MTD specifications, ADA accessibility, and obtain warranties, in an amount not to exceed \$4,778,284. Pricing was based on the New Flyer awarded contract by DGS, which adhered to all FTA requirements and MTD *Procurement Manual* policies. The four buses are anticipated to be delivered to MTD in the third quarter of 2022.

Infrastructure—To support the current and future BEB acquisitions, MTD is currently working with Southern California Edison (SCE) under the Charge Ready Program to install 14 heavy-duty chargers at MTD's Terminal 1 facility. The project is anticipated to be completed by the second quarter of 2022.

Buses to be Replaced—The BEBs from New Flyer will replace current renewable diesel (RD) buses that have exceeded their useful life. FTA has set a default Useful Life Benchmark for heavy-duty transit buses at 14 years; the Gillig buses selected for replacement are beyond the benchmark and have accumulated millions of road miles between them.

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DISCUSSION:

Acquisition through Assigned Contract Rights—Leveraging DGS contracts have proven to be an effective and efficient way for the procurement of vehicles. The method significantly reduces procurement time and resources that MTD requires for a formal solicitation of this scope and includes the added benefit of volume pricing. The DGS contract #1-19-23-17B with New Flyer was awarded after an evaluation of six bus manufacturers' technical specifications, cost, customer references, environmental and quality standards, battery leasing, and energy storage warranties. The contract pricing is valid through 2022. It is further determined that (1) the DGS contract provisions comply with all applicable Federal requirements; (2) the proposed quantities MTD intends to procure meet contract obligations; and (3) the contract price established under the original agreement is still fair and reasonable.

Price Analysis—MTD performed a price analysis in 2020 and found the DGS contract was 4.7% less than the independent cost analysis (ICE). With the recommendation to again use the DGS pricing for an additional five BEBs, another price analysis was conducted by staff. A review of other California transit agencies that have procured 40' electric buses in 2021 indicated spending at \$1,182,188. When evaluated against the DGS contract, New Flyer's price of \$1,081,119 per bus (\$5,405,595 for five buses) remains fair and reasonable.

40-Foot Low Floor Battery-Electric Buses	Cost Per Bus
2021 Transit Agency Spending	\$1,182,188
New Flyer Price based on DGS Contract (volume discount)	\$1,081,119
Difference	\$101,069
Difference %	-8.5%

Bus Build & Delivery—Still, FTA requires the procurement of steel, iron, or manufactured goods (including rolling stock) to meet Buy America provisions. Final assembly for rolling stock also must occur in the U.S. Therefore, rolling stock procurements are subject to pre-award and post-delivery Buy America audit provisions. Although this is not guaranteed until a purchase order is issued, the purchase of five buses utilizing the same contract and manufacturer as the initial order may allow for all buses to be on the same build schedule, which ensures they will meet the same pre-award audit of the bus manufacturer that the initial order already certified compliance with the Buy America requirements of the FTA. Moreover, the five buses will be the same make and model, the 40' Excelsior (XE40), which promotes a more cost-effective and efficient maintenance department and operation when considering the total cost of ownership with spare parts inventory and the training of bus operators and technicians. If the five additional buses can be added to the production of the existing four, delivery of all vehicles will take place between the third and fourth quarters of 2022.

BUDGET & FUNDING:

The FY 2021-22 Capital Budget for bus acquisitions is \$11,594,000, which is comprised of existing FTA 5339 and TDA-STA funds, and anticipated discretionary grant funding. While MTD did not receive funding from the various discretionary grants anticipated this fiscal year, MTD was awarded \$3,834,462 of FY 2017-18 FTA 5339 funds for the acquisition of five BEBs. The total for this project of \$5,905,595 represents the price quoted by New Flyer (\$1,081,119 per bus) plus a contingency of \$500,000 (\$100,000 per bus) for any miscellaneous bus specification changes made between the time of order and production. To defray MTD's capital outlay, staff will apply to the California Air Resources Board's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and/or the Volkswagen Mitigation Trust. Since both operate on a first-come, first-served basis, and each has its own requirements and limitations, MTD will target the program(s) that offer the greatest funding for MTD.



BOARD OF DIRECTORS REPORT

MEETING DATE:	NOVEMBER 16, 2021	AGENDA ITEM: #10
DEPARTMENT:	PLANNING	
TYPE:	INFORMATIONAL ITEM	
PREPARED BY:	HILLARY BLACKERBY	_____
		<i>Signature</i>
REVIEWED BY:	GENERAL MANAGER	_____
		<i>Signature</i>
SUBJECT:	NEXT WAVE PROJECT UPDATE	

DISCUSSION:

Staff will provide a presentation to update the Board on MTD's Next Wave project, a vision for future operations and service that combines electrification, new technology, and infrastructure improvements that make transit more competitive on the South Coast. This presentation follows on October's capital projects update, and will discuss the ways that MTD staff are positioning the District to be competitive for various grant opportunities that can help realize this vision.

Some of the components that make up this vision include, but are not limited to:

- Bus stop improvements
- Contactless fare payment
- On-board Wi-Fi
- Fleet and infrastructure electrification
- Bus charging infrastructure resiliency measures
- Transit signal priority
- Infrastructure improvements that prioritize transit in the public right-of-way

A team of MTD staff has been working collaboratively on various federal, state, and local funding opportunities and they stand ready to pursue funding as it becomes available.



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MEETING DATE:	NOVEMBER 16, 2021	AGENDA ITEM: #11
DEPARTMENT:	BOARD OF DIRECTORS	
TYPE:	ACTION ITEM	
PREPARED BY:	JERRY ESTRADA	_____ <i>Signature</i>
REVIEWED BY:	GENERAL MANAGER	_____ <i>Signature</i>
SUBJECT:	ANNUAL ELECTION OF BOARD OFFICERS	

DISCUSSION:

The Board will hold elections for the following Board assignments:

- Chair
- Vice Chair
- Secretary

To: MTD Board of Directors
From: Jerry Estrada, General Manager
Date: November 16, 2021
Subject: General Manager's Report

Operations, Fleet and Facilities

Earlier this year, Manny Castanon, Safety and Training Administrator, successfully completed all required training and steps in the Employer Testing Program (ETP), at both the State and Federal levels. This coveted certification allows our agency (specifically Manny) to conduct class B drive tests. It has taken many months to complete the filing process, and we are happy to report that Manny has officially begun testing on site.

Congratulations to our new Operator in Training, Steve Dennison, for passing his DMV drive test. Steve is still in training, learning the many routes, but, has completed the biggest hurdle when one choses to become a commercial driver with us. Mechanic John Velarde passed his driving test and is now working in the shop.

Personnel from MTD, Sothern California Edison (SCE), Black and Veatch (SCE's design consultant) and Stantec (MTD's design consultant) met with City of Santa Barbara staff to discuss comments to the plans submitted to the City for the Charge Ready project. The meeting allowed SCE and MTD to clarify roles and responsibilities for the project and ask questions of particular comments from City staff about various elements of the plans. The meeting allowed Stantec and Black and Veatch to make appropriate corrections to their respective designs and resubmit them to City staff for review. Bids to secure a general contractor to perform MTD's portion of the Charge Ready project are due Wednesday, November 17.

New Flyer is modifying its design to allow charging ports at the front of the buses (previously, they only offered rear ports) MTD is procuring from the manufacturer (previously, New Flyer only offered rear-charging ports). This is a critical design change since MTD's latest charging infrastructure project was developed with front and rear charging ports in mind.

MTD has provided a Subcontractor Agreement to the City of Santa Barbara and CALSTART for their roles in MTD's CEC Blueprint Grant project. The signed Agreements will allow the team to commence with the project.

Staff released a Request for Qualifications (RFQ) to identify a qualified construction management firm to provide on-call construction management services to MTD in support of the major construction projects in the capital projects pipeline. Proposals in response to the RFQ are due to MTD by Wednesday, December 8.

Administration

The initial outreach for the Short Range Transit Plan process, MTD Moves Ahead, took place in October with a successful virtual listening session on October 20th. In addition to the listening

session, a survey on service priorities ran throughout the month of October and received over 300 responses from the community. Staff and MTD's consultant team are currently meeting with staff from South Coast jurisdictions about future land use developments, public works projects, and sustainability goals.

Staff attended a Zoom meeting of the Santa Barbara County Association of Governments' (SBCAG's) Technical Transportation Advisory Committee (TTAC) on November 4. TTAC recommended that the Board approve the 2022 Regional Transportation Improvement Program (RTIP) programming proposal for submittal to the California Transportation Commission. The RTIP, which SBCAG must update biennially, identifies projects selected by SBCAG that will be funded with the County's share of State Transportation Improvement Program (STIP) funds. The bulk of the FTIP funds are programmed to the Highway 101 HOV project. TTAC also recommended that the Board approve the Measure A Audit Reports and management letters prepared by Moss, Levy & Hartzheim, LLP regarding FY 2020 compliance with the provisions, requirements and voter mandates specified in the Measure A investment Plan. TTAC also received an update on draft Measure A revenue estimates for Fiscal Years 2023 to 2027.

Staff submitted the quarterly Federal Financial Reports and Milestone Progress Reports for all of MTD's open FTA awards, as required. Staff also submitted the October monthly NTD Safety & Security report to FTA.

Human Resources is pleased to welcome recent hire Mia Lopez to the HR Department. Mia started last month as MTD's Human Resources Generalist. She has over 15 years of HR experience throughout Ventura County with companies such as Amgen and Baxter International. She holds a BA in Anthropology from UCLA and an MBA in Management and Organizational Behavior from Cal-Lutheran University in Thousand Oaks, CA. Mia reports directly to Elsa Perez, Senior HR Analyst.

Recruitment efforts are beginning to see signs of success, with recent hires also made in the Maintenance Department. Two Service Persons and two Mechanics have joined MTD. In Operations, we have recently welcomed a new Bus Operator and have other candidates with offers who will start after completion of the pre-employment process. MTD received 12 internal candidate applications for two Temporary Supervisor positions and panel interviews are being held this week. In the following week, HR will also be conducting interviews of candidates for Fleet Maintenance Supervisor.