MONTEREY-SALINAS TRANSIT DISTRICT
MEASURE Q OVERSIGHT COMMITTEE
MEETING AGENDA AND NOTICE

Date: April 17, 2023
Time: 1:00 PM Pacific Time (US and Canada)
Location: 19 Upper Ragsdale Drive, Suite 100, Monterey, CA

MST Measure Q Oversight Committee Participation:

The Measure Q Oversight Committee in-person meeting will be held on April 17, 2023, at 1:00 p.m. at 19 Upper Ragsdale Drive, Suite 100.

Public Participation:

Public participation for the Measure Q Oversight Committee Meeting is available in-person at 19 Upper Ragsdale Drive, Suite 100, as well as virtually via Zoom, telephone, and email. To participate virtually, click https://us06web.zoom.us/j/84500836234?pwd=aFQ0YUdjd3Y0eW94WmtRZ1Myc0VIdz09 and enter the following:

Meeting ID: 845 0083 6234 and Passcode: 652252.

To attend by telephone, dial (669) 900-6833 same Meeting ID: 845 0083 6234 and Passcode: 652252.

Public comments may be made either in person, via Zoom, or via email. Members of the public may attend the Committee Meeting in person and request to speak to the Committee when the Chair calls for public comment. Persons who wish to make public comment on an agenda item are encouraged to submit comments in writing by email to MST at clerk@mst.org by 3:00 pm on Friday, April 14, 2023; those comments will be distributed to the MST Board of Directors before the meeting. Written comments may be emailed to clerk@mst.com, and should include the subject line: “Public Comment Item # (insert the agenda item number relevant to your comment).”
MST Board and Committee Agendas

Accessibility, Language Assistance, and Public Comments

Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available for public inspection at the Monterey-Salinas Transit Administration Building at 19 Upper Ragsdale Dr., Suite 200, Monterey, CA 93940 during normal business hours.

Upon request, Monterey-Salinas Transit will provide written materials in appropriate alternative formats, including disability-related modifications or accommodations, auxiliary aids, or services to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number, description of the requested materials, and preferred alternative format or auxiliary aid or service at least three working days prior to the meeting at the address below.

Public comments may be submitted for any item on the agenda by contacting MST:

**Mail:** MST, Attn: Clerk to the Board  
19 Upper Ragsdale Dr., Suite 200, Monterey, CA 93940

**Website:** [https://mst.org/contact-us/](https://mst.org/contact-us/)  ● **Email:** clerk@mst.org  ● **Phone:** (888) 678-2871

**TTY/TDD:** 831-393-8111  ●  711 Relay 888-678-2871 / Free language assistance / Asistencia de Lenguaje Gratuito / Libreng tulong para sa wika / Hỗ trợ ngôn ngữ miễn phí / 무료 언어 지원
The Measure Q Oversight Committee serves as an oversight committee to review and report on the revenue and expenditure of funds from the Measure Q sales tax in accordance with its expenditure plan.

1. **CALL TO ORDER**

2. **PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA**

   Members of the public may address the Committee on any matter related to the jurisdiction of MST but not on the agenda. There is a time limit of not more than three minutes for each speaker. The Committee will not take action or respond immediately to any public comments presented, but may choose to follow-up at a later time, either individually, through staff, or on a subsequent agenda.

3. **CONSENT AGENDA**

   3-1. Approve Minutes of the Measure Q Oversight Committee on August 22, 2022. (Jeanette Alegar-Rocha) (Page 5)

   3-2. Receive MST Board Membership Appointments to Measure Q Oversight Committee from April 10, 2023. (Lisa Rheinheimer) (Page 7)

4. **ACTION ITEMS**

   4-1. Review Measure Q Revenues and Expenses from the Annual Comprehensive Financial Report from FY 2022 and Provide a Letter to the MST Board of Directors that Measure Q Funds Were Spent on Eligible Expenses. (Lisa Rheinheimer) (Page 9)
5. CLOSED SESSION

None

6. ADJOURN

NEXT SCHEDULED MEETING DATE: August 21, 2023

1:00 p.m.

*Dates, times and teleconference information are subject to change.

Please contact MST for accurate meeting date, times and teleconference information or check online at http://mst.org/about-mst/board-of-directors/board-meetings/
1. **Call to Order**

Chair Sid Williams called the meeting to order at 1:00 p.m. Roll call was taken. Committee Members Christine Winge and Sharlene Hughes were virtually present but unresponsive; all remaining Committee Members were present. A quorum of the Committee was established.

2. **Public Comment on Matters Not on the Agenda**

None.

3. **Consent Agenda**

There were no public comments on the Consent Agenda.

3-1. Approve Minutes of the Measure Q Oversight Committee Meeting on March 28, 2022. (Jeanette Alegar-Rocha)
On a motion by Committee member Kevin Dayton, seconded by Committee Vice Chair Bobby Merritt and carried by the following vote, which was conducted by roll call, the Committee approved the March 28, 2022 Measure Q Oversight Committee Meeting Minutes.

<table>
<thead>
<tr>
<th>AYES:</th>
<th>5</th>
<th>Dayton, Lopez, Macias, Merritt, and Williams</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOES:</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>ABSENT:</td>
<td>2</td>
<td>Hughes and Winge</td>
</tr>
<tr>
<td>ABSTAIN:</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

At 1:12 p.m., Committee Members Christine Winge and Sharlene Hughes reported as being present.

4. ACTION ITEMS

4-1. Review Measure Q FY 2023 AND 2024 Budget Adopted by the MST Board of Directors. (Lisa Rheinheimer) (Enclosure)

There were no public comments.

The Committee received and reviewed the Measure Q FY 2023 and FY 2024 Budget adopted by the MST Board of Directors.

5. CLOSED SESSION

None.

6. STAFF AND COMMITTEE COMMENTS AND QUESTIONS

Kevin Dayton commented that the Transportation Agency for Monterey County (TAMC) Measure X program provides funding for seniors and elderly programs. He confirmed that there is no redundancy with Measure Q programs and spending. Mr. Dayton encouraged MST and TAMC to continue to coordinate activities related to Measure Q and Measure X funding.

Norman Tuitavuki announced that Kevin Allshouse was promoted from Mobility Coordinator to Contract Services Manager.

7. ADJOURN

There being no further business, Chair Williams adjourned the meeting at 1:18 p.m. (Pacific).
To: Measure Q Oversight Committee
From: Lisa Rheinheimer, Assistant General Manager
Subject: Measure Q Oversight Committee Appointments

RECOMMENDATION:

Receive MST Board Membership Appointments to Measure Q Oversight Committee from April 10, 2023.

FISCAL IMPACT:

None.

POLICY IMPLICATIONS:

Ordinance 2015-01 requires the MST Board to approve all nominations to the Measure Q Oversight Committee.

DISCUSSION:

According to Ordinance 2015-01 and MST Resolution 2015-31, the membership of the committee shall consist, at a minimum, of a representative of each of the following:

- The Salinas urbanized area, to include a representative from the City of Salinas;
- The Seaside-Marina-Monterey urbanized area, to include a representative from among the cities of Carmel-by-the-Sea, Monterey, Pacific Grove, Seaside, Del Rey Oaks, Sand City, and Marina;
- The Non-Urbanized Areas, to include a representative from among the cities of Gonzales, Greenfield, Soledad, and King City;
- The County of Monterey, to include a representative from an unincorporated area of Monterey County;
- A bona fide non-profit organization that represents the interest of taxpayers in the county; and
- The District’s existing Mobility Advisory Committee, to include two members of the Mobility Advisory Committee.
Additionally, the Bylaws of the Committee call for a staggering of member terms. The Bylaws specifically state that “The MST Board of Directors shall set a term of service at three (3) years. Terms shall be staggered so that, insofar as possible, one-third of appointments shall expire each year. Members shall be eligible for reappointment.”

The MST Board re-appointed the following and highlighted Measure Q Oversight Committee members with associated terms of office at the April 10 Board meeting.

<table>
<thead>
<tr>
<th>REPRESENTATIVE</th>
<th>NAME</th>
<th>TERM EXPIRATION</th>
<th>NEW TERM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Salinas Urbanized Area</td>
<td>Juan Pablo Lopez</td>
<td>3/26/2025</td>
<td></td>
</tr>
<tr>
<td>2. Seaside-Marina-Monterey Urbanized Area</td>
<td>Sid Williams, Chair</td>
<td>3/26/2024</td>
<td></td>
</tr>
<tr>
<td>3. Non-urbanized South County Cities</td>
<td>Vacant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. County of Monterey Unincorporated</td>
<td>Christine Winge</td>
<td>3/26/2025</td>
<td></td>
</tr>
<tr>
<td>5. Taxpayer’s Association</td>
<td>Kevin Dayton</td>
<td>3/26/2024</td>
<td></td>
</tr>
<tr>
<td>6. Mobility Advisory Committee</td>
<td>Bobby Merritt Vice Chair</td>
<td>3/26/2023</td>
<td>3/26/2026</td>
</tr>
<tr>
<td>7. Mobility Advisory Committee</td>
<td>Steven Macias</td>
<td>3/26/2023</td>
<td>3/26/2026</td>
</tr>
</tbody>
</table>

Prepared by: Lisa Rheinheimer Reviewed by: Carl G. Sedoryk
To: Measure Q Oversight Committee

From: Lisa Rheinheimer, Assistant General Manager

Subject: Measure Q Financial Audit

RECOMMENDATION:

Review Measure Q revenues and expenses from the Annual Comprehensive Financial Report from FY 2022 and provide a letter to the MST Board of Directors that Measure Q funds were spent on eligible expenses.

FISCAL IMPACT:

MST prepares the required Annual Comprehensive Financial Report each year with assistance from an outside auditor. These services have been provided by EideBailly LLP at a cost of $37,120 annually. This amount is included in the FY 2023 adopted MST Budget.

POLICY IMPLICATIONS:

The Financial Report is prepared each year in association with the District’s audit process, posted on the MST website, and submitted to the state of California as well as to the Government Finance Officers Association of the United States and Canada for review and evaluation. The Report is also submitted to the Federal Audit Clearinghouse.

The Measure Q Oversight Committee Bylaws note that it is the responsibility of this Committee to review and report to the MST Board of Directors on the revenue and expenditure of funds from the tax.

DISCUSSION:

To provide transparency for the general public and local, state and federal stakeholders, MST each year prepares and posts on its website a Financial Report, which can be downloaded and printed directly from the site. A primary component of this document is the annual audit, which is conducted by an outside accounting firm to attest to the state of the District’s finances. In recognition of excellence in financial reporting, MST received a certificate of achievement from the Government Finance Officers Association of the United States and Canada for last year’s FY 2020 Financial Report.
MST has submitted its FY 2022 Financial Report to this organization for evaluation and consideration. The auditor’s management letter (Attachment 1) as well as a summary page detailing MST’s FY 2022 Schedule of Revenues, Expenses, and Changes in Net Position by Program (Attachment 2), are included for the Committee’s review. The complete report – as well as MST’s Financial Reports dating back to FY2005 – can be viewed and downloaded through MST’s website at [http://mst.org/about-mst/financials/](http://mst.org/about-mst/financials/) and can also be provided in hard copy to any member of the Committee upon request.

Measure Q sales tax revenues generated $12,840,046 in FY 2022. This amount is an 18.9% increase from the $10,799,965 generated in FY 2021. With these revenues, MST was able to deliver on the promise of delivering transportation and mobility options for seniors, persons with disabilities, and veterans with the following Measure Q programs:

**MST RIDES ADA Paratransit** – complementary paratransit service for those eligible including persons with disabilities, seniors, and veterans

**Taxi Vouchers** – for seniors, persons with disabilities, and veterans

**Special Medical Trips** – for trips that access medical services in San Francisco, Palo Alto, and Santa Clara

**TRIPS** – travel reimbursement for seniors, persons with disabilities, and veterans who rely on neighbors and family for rides

**Travel Training** – for anyone who wants to learn to travel using public transportation

**Navigators** – volunteers who help other riders by answering questions about MST services

**Senior and Veteran Shuttles, Fixed-Route** – supports specific routes which serve seniors, veterans, and persons with disabilities as well as partial support for the regular fixed-route lines

**MST Mobility Department** – operations of the Mobility Services Center and MST staff support for travel training, eligibility testing, promotional events and outreach, and the above programs

The ongoing support of the Measure Q sales tax is crucial for supporting the populations who need mobility options within Monterey County and beyond.

Staff recommends that the Committee review Measure Q revenues and expenses from the FY 2022 Annual Comprehensive Financial Report (ACFR) and
provide an opinion to the MST Board of Directors that Measure Q funds were spent on eligible expenses.

ATTACHMENT(S):

1. March 17, 2023, letter from MST auditors EideBailly
3. Draft Letter to the MST Board of Directors

Prepared by: Lisa Rheinheimer  Reviewed by: Carl G. Sedoryk
March 17, 2023

To the Governing Board of
Monterey-Salinas Transit
Monterey, California

We have audited the financial statements of Monterey-Salinas Transit (MST) as of and for the year ended June 30, 2022, and have issued our report thereon dated March 17, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated May 31, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of MST solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.
Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor’s report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks”. We have identified the following as significant risks:

We always identify management override of internal controls are as a risk and perform further audit procedures to reduce that level of risk. Further, due to the impact of COVID on many transit agencies, we have identified revenue recognition as a risk and performed additional procedures to lower the risk of material misstatement.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by MST is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are related to MST’s pension liabilities and insurance liabilities.

Management’s estimate of the pension and insurance liabilities are based on actuarial valuations performed by MST’s specialist. We evaluated the key factors and assumptions used to develop the pension and insurance liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole.
Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District’s financial statements relate to the Discount rate used in estimated pension liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Monterey-Salinas Transit financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report.

The following emphasis of matter was included in our report relating to the adoption of GASB Statement No. 87, Lease.

Adoption of New Accounting Standard

As discussed in Notes 1 and 10 to the financial statements, MST has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. Accordingly, a restatement has been made as of July 1, 2021. Our opinions are not modified with respect to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated March 17, 2023.
Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with MST, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as MST’s auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the MST’s annual report, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing board and management of MST and is not intended to be, and should not be, used by anyone other than these specified parties.

Menlo Park, California
## Monterey-Salinas Transit

**Schedule of Revenues, Expenses, and Changes in Net Position by Program**

**For the Year Ended June 30, 2022**

<table>
<thead>
<tr>
<th></th>
<th>Fixedroute Bus Service</th>
<th>Rides</th>
<th>Sales Tax</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fares</td>
<td>$3,082,838</td>
<td>$209,004</td>
<td>$</td>
<td>$3,291,842</td>
</tr>
<tr>
<td>Operating assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax revenue</td>
<td>-</td>
<td>4,716,113</td>
<td>8,123,933</td>
<td>12,840,046</td>
</tr>
<tr>
<td>Federal grants</td>
<td>20,926,474</td>
<td>59,484</td>
<td>-</td>
<td>20,985,958</td>
</tr>
<tr>
<td>Local and state grants</td>
<td>26,956,962</td>
<td>-</td>
<td>-</td>
<td>26,956,962</td>
</tr>
<tr>
<td>Interest income</td>
<td>68,096</td>
<td>-</td>
<td>-</td>
<td>68,096</td>
</tr>
<tr>
<td>Other</td>
<td>204,746</td>
<td>-</td>
<td>-</td>
<td>204,746</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51,239,116</strong></td>
<td><strong>4,984,601</strong></td>
<td><strong>8,123,933</strong></td>
<td><strong>64,347,650</strong></td>
</tr>
</tbody>
</table>

|                     |                        |       |           |               |
| **Expenses**        |                        |       |           |               |
| Salaries and benefits | 22,074,375            | 203,947 | 392,823 | 22,671,145    |
| Professional and technical services | 2,844,031 | 87,107 | 14,549 | 2,945,687    |
| Materials and supplies | 3,577,763           | 521,227 | 164,792 | 4,263,782    |
| Utilities           | 741,494                | 1,297 | 2,766    | 745,557       |
| Insurance           | 812,461                | -     | -         | 812,461        |
| Taxes               | 189,518                | -     | -         | 189,518       |
| Purchased transportation | 2,694,354            | 4,035,277 | 1,418,520 | 8,148,151    |
| Sales tax state admin fees | -                   | 131,559 | 236,901 | 368,460       |
| Interest expense    | 142,458                | -     | 12,114   | 154,572       |
| Other               | 537,872                | 4,187 | 1,790    | 543,849       |
| Inter-program transfers | (4,336,249)       | -     | 4,336,249 | -             |
| **Total**           | **29,278,077**         | **4,984,601** | **6,580,504** | **40,843,182** |

|                     |                        |       |           |               |
| **Excess (Deficiency) of Revenue before Capital and Financing Items Over Expenditures** | 21,961,039 | - | 1,543,429 | 23,504,468 |

|                     |                        |       |           |               |
| **Income (Expense) from Capital and Related Financing** |           |       |           |               |
| Gain (Loss) on disposal of assets | (10,715) | - | - | (10,715) |
| Capital contributions | 7,122,066 | - | - | 7,122,066 |
| Depreciation and amortization | (8,580,911) | (140,448) | (130,685) | (8,851,224) |
| **Total**           | **(1,468,740)**       | **(140,448)** | **(130,685)** | **(1,739,873)** |

|                     |                        |       |           |               |
| Change in Net Position | 20,492,299          | (140,448) | 1,412,744 | 21,764,595 |

|                     |                        |       |           |               |
| Net Position, Beginning of Year as Restated | 91,261,751 | (841,127) | (6,647,422) | 83,773,202 |
| Net Position, End of Year | $111,754,050 | $(981,575) | $(5,234,678) | $105,537,797 |

See Notes to Supplementary Information
April 17, 2023

Chair Anna Velazquez  
MST Board of Directors  
19 Upper Ragsdale Dr., Ste. 200  
Monterey, CA 93940

RE: Measure Q Oversight Committee Review of Measure Q Expenditures in FY 2022

Dear Chair Velazquez:

As Chair of the Measure Q Oversight Committee, I am writing to inform the MST Board of Directors that at its meeting of April 17th, the Committee unanimously voted to authorize me to submit this letter.

The Committee reviewed the Annual Comprehensive Financial Report for FY 2022 which included Measure Q-eligible expenses. Without concerns raised, the Committee found that Measure Q funds were spent on eligible expenses as intended by the voters of Monterey County and in accordance with the adopted Expenditure Plan.

Respectfully submitted,

Sid Williams  
Chair  
Measure Q Oversight Committee