



MONTEREY-SALINAS TRANSIT BOARD ADMINISTRATIVE PERFORMANCE COMMITTEE MEETING AGENDA

May 11, 2020

Time: 9:00 AM PacificTime (US and Canada)

Governor Newsom's COVID-19 Executive Order N-25-20 allows MST to hold meetings via teleconference and to make meetings accessible electronically to protect public health. The May 11, 2020 meeting of the Board Administrative Performance Committee will be held via Zoom conference. There will be NO physical location of the meeting. The public is asked to use the Zoom app for best reception. There may only be limited opportunity to provide oral comments during the meeting. 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, May 8, 2020; those comments will be distributed to the legislative body before the meeting. Members of the public participating by Zoom are instructed to be on mute during the proceedings and to speak only when public comment is allowed, after requesting and receiving recognition from the Chair. Prior to the meeting, participants should download the Zoom app at: <https://zoom.us/download> A link to tutorials for use of the Zoom app is: <https://support.zoom.us/hc/en-us/articles/206618765-Zoom-Video-Tutorials> and <https://support.zoom.us/hc/en-us/articles/209743263-Meeting-and-Webinar-Best-Practices-and-Resources>

REMOTE CONFERENCE ONLY

Join from PC, Mac, Linux, iOS or Android:

<https://zoom.us/j/95054877360?pwd=WWwrcVBCMFEzckFRdmhHaTdERIVOdz09>

Meeting ID: 950 5487 7360

Password: 235765

Or Telephone:

Dial In:

+1 669 900 6833 US (San Jose)

+1 929 205 6099 US (New York)

Conference code: 235765

MST AGENDA & MEETING NOTICE

Group: Board Administrative Performance Committee (BAPC)

Directors: Alejo, Barrera (Chair), Clark (Vice Chair), Martinez, O'Connell, Pacheco

Staff: Carl Sedoryk, General Manager/CEO, Lisa Rheinheimer, AGM, Kelly Halcon, Director of HR and Risk Management, Robert Weber, Chief Operating Officer, Norman Tuitavuki, Deputy Chief Operating Officer, Mark Eccles, Director of Information Technology, Michelle Overmeyer, Director of Planning and Innovation

Date: May 11, 2020

Time: 9:00 am

The BAPC Committee provides policy direction to the Board and monitor performance in areas of Finance and Budget, Procurement, Legislative, Intergovernmental Relations, Business Development, Planning, Marketing, and Customer Service, Regulatory Compliance, Risk Management, Employee Compensation/Benefit Programs, and Information Technology.

1. Call to order.
2. Public comment 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. Receive Administrative Performance Update. (Refer to MST May 2020 Board Agenda Item 7-1) (Page 67) (Carl Sedoryk)
 - A. State Legislative Update. (Carl Sedoryk and Michelle Overmeyer)
 - B. Federal Legislative Update. (Don Gilchrest, Thomas Walters & Associates via Zoom)
4. Review Draft FY 2020/2021 Operating and Capital Budget Assumptions. (Lisa Rheinheimer)
5. Receive Report from Staff on MST Response to COVID-19. (Carl Sedoryk)
6. Staff and Committee member comments, questions, or referrals.
7. Closed Session.
8. Adjourn.

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. Requests should be sent to MST – c/o Clerk to the Board, 19 Upper Ragsdale Dr., Suite 200, Monterey, CA 93940 or clerk@mst.org.



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To: Board Administrative Performance Committee
From: Lisa Rheinheimer, Assistant General Manager
Subject: Draft FY 2020/2021 Operating and Capital Budgets

RECOMMENDATION:

Review Draft FY 2020/2021 Operating and Capital Budget Assumptions.

FISCAL IMPACT:

The FY 2020/2021 draft operating budget is \$ 52,530,492, which is a decrease of 1.7% over the FY 2019/2020 budget of \$53,457,984. This budget includes \$8,403,708 in sales tax revenue generated by Measure Q – the 1/8-cent sales tax approved by the voters on the November 2014 ballot.

The fiscal impact of the COVID-19 pandemic is reflected in this draft budget with the understanding that the economic uncertainty over the next year and beyond makes budget preparation particularly challenging. Below, staff has outlined the FY 2020/2021 Budget assumptions to be used to finalize this budget for Board consideration in June.

The major sources of revenues which support MST’s operating and capital budgets have been impacted significantly by the State and County stay at home orders and the unknown future of the economy when recovery begins as shown below:

Loss of retail sales and the associated tax revenues: Local Transportation Funds (LTF) and Measure Q will likely decrease by approximately 22% in FY 2019/2020 and begin recovering at a slow rate in FY 2020/2021. The LTF and Measure Q revenue sources typically make up 60% of the budget. We will likely feel the impact in the first quarter of FY 2020/2021 followed by small incremental increases over the remainder of the year.

Fare revenues from passengers: The loss of fare revenue will largely depend on unemployment and the reinstatement of fares. For this Budget, staff has assumed that revenues from passenger fares will decrease by 50% compared to FY 2019/2020.

Partnerships with the military, universities, and City of Monterey: Funding from these partnerships has historically been a strong contribution to the operating budget. However, with schools transitioning to more remote learning, it is likely that

some of these practices will continue throughout the fiscal year. The City of Monterey contract for MST Monterey Trolley services is also unknown as the Aquarium is not scheduled to reopen until July 1. Assuming that social distancing will be the new normal for universities and businesses, the level of transit support needed will likely be lower than before. Staff is assuming a 48% decrease in funding through these partnerships for the new budget year.

Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding: The CARES Act provides \$25 billion in formula grants for public transit operating and capital expenditures beginning February 20, 2020. Eligible expenses include prevention, preparation for, and response to the coronavirus pandemic. In total, MST’s apportionment amount is approximately \$25 million to sustain the agency through the crisis and during recovery. This amount is available without any local match requirement and represents approximately 3 years worth of normal federal funding. Staff has shored up the revenue losses above with federal CARES Act funding. The apportionment will be needed for FY 2019/2020 as well as FY 2021/2022 and the draft Budget reflects this reality.

MST’s FY 2020/2021 capital budget anticipates deferring most capital expenditures not covered by grants due to the loss revenues described above. The capital budget is therefore supported by special grant revenues. The total FY 2020/2021 capital budget is \$27,238,801 of which \$195,575 is from non-grant general fund expenditures. Beyond that, MST staff has identified an additional \$1.28 million in capital needs, which currently have no source of funding.

	<u>FY 2020 (\$)</u>	<u>FY 2021 (\$)</u>	<u>% Change</u>
<u>Fixed Route Bus</u>			
<u>Operating</u>	<u>46,705,020</u>	<u>45,632,856</u>	<u>-2.3%</u>
<u>Capital</u>	<u>13,622,884</u>	<u>26,770,801</u>	<u>96.5%</u>
<u>Sub-Total</u>	<u>60,327,904</u>	<u>72,403,657</u>	<u>20.0%</u>
<u>MST RIDES</u>			
<u>Operating</u>	<u>6,752,964</u>	<u>6,897,636</u>	<u>2.1%</u>
<u>Capital</u>	<u>168,000</u>	<u>468,000</u>	<u>178.6%</u>
<u>Sub-Total</u>	<u>6,920,964</u>	<u>7,365,636</u>	<u>6.4%</u>
<u>Fixed Route/RIDES Combined</u>			
<u>Operating</u>	<u>53,457,984</u>	<u>52,530,492</u>	<u>-1.7%</u>
<u>Capital</u>	<u>13,790,884</u>	<u>27,238,801</u>	<u>97.5%</u>
<u>Overall Total</u>	<u>67,248,868</u>	<u>79,769,293</u>	<u>18.6%</u>

POLICY IMPLICATIONS:

Each fiscal year, the Board adopts an annual operating and capital budget for MST's two service centers: Fixed Route Bus and MST RIDES (paratransit). In addition, your Board adopts a capital budget for vehicles, infrastructure, and technology expenditures which generally exceed \$1,000.

Over the next several months and throughout recovery from coronavirus pandemic, reinstatement of transit services may look different than they had prior to emergency declarations and stay at home orders. The MST Board will be asked to provide high level policy direction with regard to goals and objectives of recovery.

DISCUSSION:

The entire budget, including each of these sub-budgets, is balanced despite the extreme uncertainties in the economy due to COVID-19. It is anticipated that there will be little excess revenues available from the previous fiscal year to add to the capital budget. Due to this uncertainty, staff will be closely monitoring cash flow throughout the year. Additionally, a mid-year adjustment to the budget may be warranted as the impacts of COVID-19 play out.

Since the CARES Act added an infusion of critically needed funding to continue operations, a 15% reserve fund has been identified to ensure fiscal stability. In the past, the 15% reserve has been utilized when MST's federal funds were not received until the end of the fiscal year. It is anticipated that the 15% cash reserve fund will be replenished by the end of FY 2020/2021.

The actions which support the budget described above are included in Attachment 1.

ATTACHMENT(S):

1. Draft FY 2021 Project Action Plan

FY 2021 Draft Project Action Plan

1. Complete procurement of 7 heavy duty diesel buses and 9 minibuses June 2021
2. Accept delivery of 2 heavy duty battery electric buses (BEB) and install associated charging infrastructure. January 2021 – infrastructure install complete. February 2021 – BEBs enter production line.
3. Complete federal TIFIA financing for South County Maintenance Facility. November 2020
4. Complete construction of South County Maintenance Facility. June 2021
5. Complete negotiations of MST Employee Association agreement. July 2020
6. Complete Innovative Clean Transit rule Zero Emission Bus Plan. June 2021
7. Execute Pandemic Service and Financial Recovery Plan to complement Pandemic Response Plan and phased implementation as required. July 2021
8. Implement Partnership Programs for Hartnell College, Monterey Peninsula College, and Hospitality Employee Programs. July 2020.
9. Continue Environmental and Preliminary Engineering for SURF! Busway and Bus Rapid Transit Project and submit for FTA Small Starts evaluation, rating, and approval. (June 2021)
10. Procure contactless fare payment and mobile ticketing solution and begin implementation. January 2021
11. Conduct fixed facility review for location for new Salinas Operations and Maintenance Facility March 2021
12. Procure and begin installation of new software applications including Human Resources/Payroll HRIS
13. Conduct Market Research including passenger and community survey. June 2021
14. Publish RFP for all purchased transportation services to include; Fixed Route, On Call, and RIDES Paratransit service. June 2021
15. Upgrade the MST computer network infrastructure, incorporating current stand-alone servers into a modernized virtual environment, to allow for expansion over a 10-year period. June 2021
16. Complete demolition of MST-owned building(s) in the former Fort Ord pending FORA bond issuance. June 2021

FY 2021 Draft Ongoing and Recurring Action Items

1. Continue efforts to ensure passenger and employee safety and security.
2. Continue transit activities within board adopted operational and financial performance standards.
3. Continue efforts to finance and maintain a state of good repair for MST fleet and facilities
4. Maintain ongoing community partnerships and seek new opportunities as appropriate.
5. Develop and implement service levels, facilities, policies, and procedures appropriate to funding availability and community requirements.
6. Actively participate in state and national trade associations to support issues of local concern.
7. Continue employee training and development opportunities through partnerships with local colleges, universities, and vendors.
8. Provide administrative support in service to Monterey County Regional Taxi Authority and Monterey-Salinas Transit Corporation.
9. Ensure compliance with federal, state, and local regulations, and conduct regular review of policies and practices.
10. Adopt and execute federal and state legislative programs.
11. Continue marketing and community outreach programs to promote MST services and educate the communities we serve regarding the benefits of public transportation.
12. Continue board development activities including educational and policy reviews.
13. Continue to adopt policies and adapt practices to ensure safety and cyber security of MST data and telecommunications systems, networks, and programs.
14. Continue to seek funding from grant sources and extra governmental partnerships to maintain and expand mobility services within the communities we serve.

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