

2016 ANNUAL REPORT



*Celebrating
125 Years*
OF PUBLIC TRANSIT

MST

MONTEREY-SALINAS TRANSIT

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Mission

"Advocating and delivering quality public transportation as a leader within our community and within our industry."

Strategic Goals

- 1) To develop adequate and stable long-term revenues
- 2) To provide quality transit and mobility management services
- 3) To implement board protocols and best practices to achieve effective and efficient board operations and board meeting management
- 4) To research, implement, and promote policies and practices that encourage environmental sustainability and resource conservation
- 5) To educate the public on MST services through promotion, communication, and advocacy
- 6) To actively promote organizational values to maintain high-quality relationships with MST employees, contractors, vendors, and community stakeholders

GENERAL MANAGER'S MESSAGE

I hope you take as much enjoyment reading this 2016 Monterey-Salinas Transit annual report as I took reflecting on our past year's accomplishments. This year we marked the 125th anniversary of public transit in Monterey County and for the third consecutive year, MST's ridership has increased.



In 2016, increased ridership was driven by an improving local economy. Growing community partnerships have led to increased services to rural southern Monterey County and northern San Luis Obispo County, including Camp Roberts and Templeton, along with year-round weekend service for the popular MST Trolley in Monterey. In addition to providing high quality transit services throughout the Monterey Bay area, MST also has installed 24 new shelters, offering our customers both increased comfort and safety. Our passengers have experienced continued improvements in the safety, reliability, and quality of services we provide and have reported 91 percent customer satisfaction with MST overall this past year.

2017 promises a new set of opportunities as we break ground and complete the rehabilitation of our 37 year-old facility in Ryan Ranch and plan for the construction of a new satellite facility in southern Monterey County. The first of up to 29 new transit buses will arrive, including two that are 100 percent electric zero-emission vehicles. Added to all this, real-time passenger information will be deployed from bus stops to smart phones and other mobile devices, all of which will continue MST's tradition of providing technologically-advanced, customer friendly transit that is safe, reliable, and affordable to the communities we serve.

2016 has been another great year, and we look forward to an even better one in 2017. On behalf of MST employees and our board of directors, I would like to thank all of our community stakeholders who have played a part in our continued success.

Carl Sedoryk
MST General Manager and CEO

MST

Celebrates 125 Years

OF PUBLIC TRANSIT

In April, Monterey-Salinas Transit (MST) celebrated 125 years of public transportation in Monterey County by presenting commemorative coins to MST Trolley passengers. The antiqued brass coins, distributed over the agency's anniversary weekend, illustrated the evolution of local transit through two images. One side featured a horse-drawn Monterey and Pacific Grove Street Railway car from 1891; the other depicted the first-of-its-kind wirelessly charged electric trolley that MST inaugurated last year and now operates on modern-day roadways.

"Whether they've boarded a horse-drawn trolley car or an inductively-charged, zero-emission vehicle, community members have long depended on MST for reliable, affordable transportation alternatives," says MST General Manager/CEO Carl Sedoryk.

The Monterey and Pacific Grove Street Railway system debuted in 1891. Initial local transit service followed a horse-drawn streetcar route along a series of rails laid in existing roadways. President Benjamin Harrison, the 23rd president of the United States, rode the streetcar in an opening day parade that traveled from the line's terminus at 17th Street in Pacific Grove to Monterey's Del Monte Hotel,



Commemorative coins were presented to MST Trolley passengers

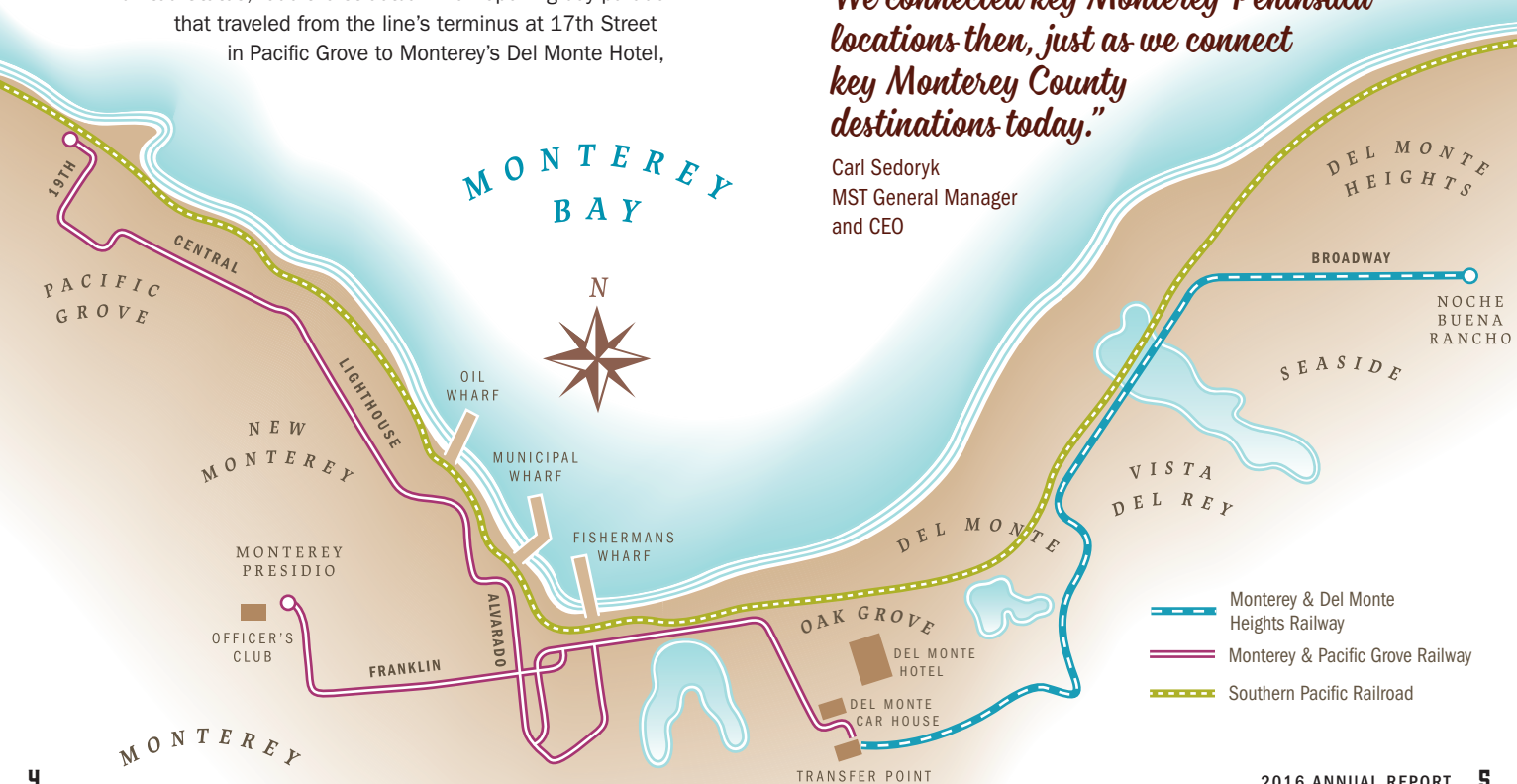
adjacent to the Oak Grove neighborhood. Also serving the Presidio of Monterey, this original railway traveled on Del Monte Avenue, Alvarado Street, and Munras Avenue, as well as Tyler Street and Lighthouse Avenue.

Today, the Del Monte Hotel is part of the Naval Postgraduate School, and MST transports passengers along those original routes using a variety of transit buses, minibuses, and trolleys.

(continued)

We connected key Monterey Peninsula locations then, just as we connect key Monterey County destinations today."

Carl Sedoryk
MST General Manager
and CEO



“Before automobiles, MST was the only local transportation option for people who didn’t have their own horse and buggy. We connected key Monterey Peninsula locations then, just as we connect key Monterey County destinations today,” says Sedoryk. “It demonstrates public transit’s longevity and its enduring importance in this community.”

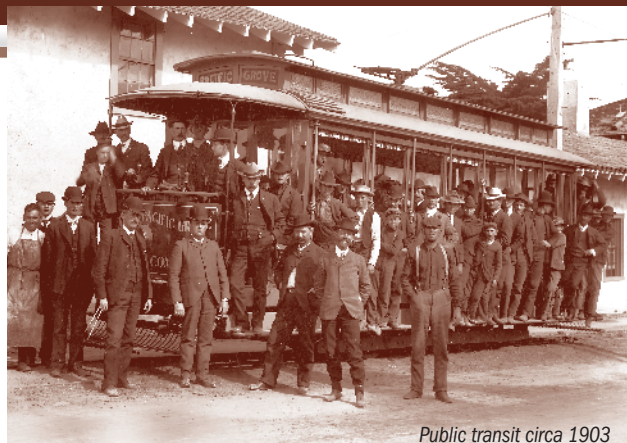
Electric streetcars operated by the Monterey Gas & Electric Company eventually replaced horse-drawn transit in 1903, extending into neighborhoods that today fall within Seaside city limits. By 1921, the Bay Rapid Transit Company replaced the preceding services with rubber-wheeled buses powered by internal combustion engines. The Monterey Peninsula Transit (MPT) joint powers agency took over the service in 1973. Eight years later, the Monterey-Salinas Transit joint powers agency was formed when MPT took over public transit operations in Salinas.

The current-day Monterey-Salinas Transit District was formed in July 2010, with the cities of Gonzales, Greenfield, King City, Sand City, and Soledad joining the governing board. Additional lines were then added to serve rural passengers living in San Ardo, San Lucas and San Miguel, as well as those working at military installations in southern Monterey County.

Today, MST covers a 294-square-mile service area that stretches from San Jose in the north to southernmost stops in Templeton in San Luis Obispo County. More than 4 million passengers travel on the agency’s 56 routes, with additional individuals served through initiatives such as an innovative taxi voucher program and MST RIDES, an ADA paratransit program for customers who live with a disability. MST routinely partners with nonprofit organizations and local jurisdictions to address transit challenges related to construction projects and major events as well.



Street scene in Monterey, circa 1907



Public transit circa 1903



Public transit in 2016

“We appreciate the opportunity to serve Monterey County, and we look forward to welcoming aboard our neighbors, colleagues and guests for the next 125 years.”

Carl Sedoryk
MST General Manager and CEO

MST makes sustainability a priority, experimenting with renewable fuel sources, electric buses, and pioneering programs that decrease greenhouse gas emissions and curb traffic congestion. Recent projects include the creative application of cap-and-trade grant funds for construction projects and the adoption of clean-powered wireless technologies.

“While today’s vehicles are different, complete with modern equipment like GPS tracking, security cameras and rechargeable batteries, MST’s commitment to the public remains as solid today as it was to those who came before us in 1891,” Sedoryk says. “We appreciate the opportunity to serve Monterey County, and we look forward to welcoming aboard our neighbors, colleagues and guests for the next 125 years.”

MST IMPLEMENTS TRAFFIC CONGESTION RELIEF PROGRAMS

When construction on the new Holman Highway 68 Roundabout began late this summer, local transportation planners launched a project designed to improve traffic flow and increase safety at one of the area's most heavily traveled intersections.

Recognizing that the roadwork would disrupt traffic along the busy Highway 68 and Lighthouse Avenue corridors, MST teamed up with area partners to create convenient, affordable transit alternatives for local drivers and visiting guests.

"These roadways are a key lifeline for area residents, employees and students, and the construction also impacts access to the Community Hospital of the Monterey Peninsula, the Presidio of Monterey, and major attractions like the Monterey Bay Aquarium and Cannery Row," says Hunter Harvath, MST assistant general manager for finance and administration. "Our bus routes along Lighthouse Avenue are some of MST's busiest, as well."

In an effort to ease traffic for neighbors and guests, while minimizing delays that would affect fixed-route bus service, MST employees developed several proactive strategies to mitigate traffic during roundabout construction. The agency's board of directors then considered three options and ultimately approved a deep bus-pass discount for individuals who live or work in construction-impacted areas.

While roundabout roadwork is in progress, eligible residents and employees enjoy unlimited MST travel for \$13 a month with the purchase of a 31-day Basic GoPass. That's a reduction from the normal \$95 price for adults over age 18. The discounted pass costs just \$6.50 for Medicare cardholders, veterans, individuals with disabilities, and passengers ages 18 and under or 65 and older.

These reduced-rate passes are available to residents living west and south of the construction



31-day Basic GoPass



Monterey Bay Aquarium's Direct Trolley

"MST values the opportunity to offer creative solutions as part of these multi-faceted efforts."

Hunter Harvath
MST Assistant General Manager,
Finance and Administration

zone as well as employees working at shops, restaurants and other businesses in popular visitor areas such as Cannery Row, Fisherman's Wharf, downtown Monterey, Carmel by-the-Sea, and Big Sur, among others. In addition, Monterey Peninsula College students, faculty, and staff are also eligible for the \$13 discounted pass. To purchase, passengers simply show a pay stub or proof of residency at MST's customer service locations in Monterey, Marina, or Salinas.

In the first five months of construction, more than 4,000 of these discount passes have been purchased, and they will continue to be offered through the project's projected mid-2017 completion. And, the Monterey County Hospitality Association (MCHA) raised money to purchase an additional 600 passes that members can provide to employees at no cost.

The positive response also inspired a wider program rollout. The MST board of directors adopted a new policy that allows construction planners and major event organizers to request 'congestion event' status. During those times, MST will extend transit discounts to those who live, work, or study in areas where traffic is disrupted.

(continued)

“MST administrators and board members recognize the agency’s ability to make a difference in this community, and we value the opportunity to offer creative solutions as part of these multi-faceted efforts,” Harvath says.

In the meantime, additional MST partnerships are expanding transit options during roundabout construction:

To encourage park-and-ride participation, the City of Monterey offers discounted rates in its downtown east garage by 50 percent. From there, passengers can board the MST JAZZ lines or the free MST Trolley to travel along the Lighthouse Avenue corridor.

The Monterey Bay Aquarium funded a new bus route this summer, creating the Monterey Bay Aquarium Direct Trolley that provided service between downtown Monterey and Cannery Row. The effort is part of the Aquarium’s “Tunnel Jumpers” campaign, which encourages alternative transportation among the attraction’s 550 peak-season employees. Monterey Bay Aquarium Direct Trolleys operated on weekends between Memorial Day and June 26, daily between July 2 and August 21, and weekends between August 27 and Labor Day.

For the second year in a row, the City of Monterey is funding weekend MST Trolley service during the fall, winter, and spring that launched this Labor Day and continues through Memorial Day 2017.

In addition, MST adjusted its bus schedules to account for anticipated congestion and potential delays related to roundabout construction, thereby giving customers realistic travel times on routes through the affected areas.

CUSTOMER SATISFACTION IMPROVES AMONG MST RIDERS

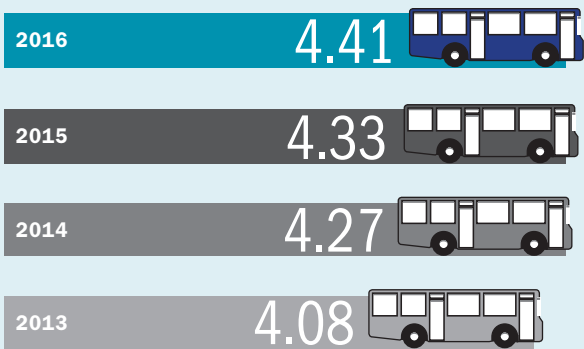
Every two years Monterey-Salinas Transit (MST) solicits the opinions of riders and the community to gauge performance and satisfaction. Riders also rated the value or contribution of various aspects of public transit to the community.

Satisfaction Category	Percentage Rating “Good” or “Excellent”
MST overall	90.6%
Safe driving	96.2%
Friendliness/helpfulness of driver	90.3%
Friendliness/helpfulness of customer service	88.2%
Bus cleanliness	87.8%
Bus stops/amenities	83.0%

“Public transit service...”	Percentage Riders Who “Agree”
...is good for the community”	98.9%
...reduces traffic”	97.2%
...is good for the environment”	95.9%
...is a good use of public money”	95.8%
...saves me/my family money”	94.2%

2016 MST RIDERSHIP

TOTAL NUMBER OF PASSENGER BOARDINGS BETWEEN JULY 1, 2015 AND JUNE 30, 2016 (IN MILLIONS)



MST EXPANDS SOUTHERN MONTEREY COUNTY SERVICE

More than four million people board MST buses annually, including a growing number of passengers who enjoy expanded fixed-route service in south Monterey County. Five years ago, the agency's southernmost stop was in King City. Today, routes extend approximately 50 miles beyond, to the San Luis Obispo County town of Templeton.

Line 85

In recent years, MST has established transit partnerships with the Presidio of Monterey, Naval Postgraduate School, and Fort Hunter Liggett. The agency's latest military initiative expands routes to Camp Roberts, a California National Guard post north of San Miguel.

"Line 85 links Fort Hunter Liggett and several cities along a 71-mile stretch between Fort Hunter Liggett and Templeton, the home for many individuals stationed at Camp Roberts," says MST Director of Planning & Marketing Lisa Rheinheimer. "We surveyed Camp Roberts members and outlined a route timed to suit their shift changes, shopping trips, and other transit needs."

Line 85 follows last year's introduction of Line 84, connecting cities between Soledad and Paso Robles via the communities of San Lucas, San Ardo, and San Miguel. MST worked closely with residents in these three small towns to create Line 84, which provides rural families with convenient transit to medical clinics, retail centers and educational institutions. The route also corresponds with King City school schedules, allowing students in remote areas to take the bus home from after-school activities.



North County Transportation Center in Paso Robles

South County operations

To better serve these expanded routes, MST is actively pursuing plans for a south Monterey County operations and maintenance facility. The agency's board of directors has approved a land purchase in a developed King City industrial park located near the start of the Line 23 Salinas-King City route as a potential home for this facility.

"Since 2010, MST has been focused on enhancing service to southern Monterey County," says Hunter Harvath, MST assistant general manager for finance and administration. "At the beginning of each day, we currently send empty buses from Monterey and Salinas to routes that start as far south as Templeton. This new facility will decrease fuel and labor costs by eliminating those trips."

The U.S. Department of Agriculture will provide low-interest financing for the construction of the operations center through its Community Facilities Guaranteed Loan Program, which helps establish essential community facilities in small, rural communities. This is the first time the program will fund a transit building.

Federal grant support

MST's expanded South Monterey County services are also moving forward with funding from two U.S. Department of Transportation grants announced in September. Congressman Sam Farr provided a letter of support for the MST application, which generated a total of \$7,967,612 for the agency.

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MST will use the funds to purchase nine new full-size buses for long distance routes, replacing coaches that are 12 years old or have traveled more than 500,000 miles. One grant will also contribute \$4.3 million toward the construction of the new South County maintenance and operations facility. Additional grant money will pay for workforce development training through the National Transit Institute and the Southern California Regional Transit Training Consortium.

"Thanks to Congressman Farr's support, MST is making crucial fleet and facility updates that will improve service for rural Monterey County communities. We look forward to offering enhanced, affordable transit options for the families who work and live in the area," says Harvath.

CONGRESSMAN SAM FARR RECEIVES MST TRANSIT CHAMPION HONORS

In July, MST presented U.S. Congressman Sam Farr with the organization's first annual Transit Champion Award. The honor recognizes Farr's substantial and lasting contributions to improving public transportation in Monterey County and beyond.

In November, Congressman Farr was also recognized by the California Transit Association with their Distinguished Service Award.

"Since 1993, Congressman Farr has worked tirelessly to create public transit options in the Monterey Bay region, while also advocating for increased transit funding throughout California and the nation," says MST General Manager/CEO Carl Sedoryk.

As a key supporter of the Small Transit Intensive Cities program launched in 2006, Farr has helped secure over \$100 million in funding for transit operators in California communities with fewer than 200,000 residents. MST has received \$9.7 million in support through the initiative, plus \$32 million in additional federal funds used to create and maintain routes, purchase new buses, upgrade technology and construct transit facilities. Farr has also been instrumental in negotiating transit-funding agreements with the U.S. Department of Labor, the U.S. Department of Commerce, and others.

"We are extremely pleased that the MST board selected Congressman Farr as our first Transit Champion Award recipient. His contributions enable our agency to provide safe, affordable and convenient transit service to local residents," Sedoryk says.



MST General Manager/CEO, Carl Sedoryk presents Congressman Sam Farr with Transit Champion Award

MST BREAKS GROUND ON NEW OPERATIONS FACILITY

After 40 years in its Ryan Ranch headquarters, MST will break ground on a \$20 million renovation project at the Thomas D. Albert Bus Operations & Maintenance Facility in February 2017. The facility will expand the agency's maintenance, storage and bus parking space, and provide an employee wellness room. When completed, the new building will accommodate existing and future needs for transit services on the Monterey Peninsula and points beyond.

Project funding comes from state bond money and a \$10 million California Transportation Commission cap-and-trade grant as well as from MST's capital reserve budget. This cap-and-trade funding also helps MST achieve California's greenhouse gas reduction and AB 32 goals.

To make way for construction, MST's administrative staff moved to a new Upper Ragsdale Drive facility over the summer. MST will continue uninterrupted daily service on all routes throughout construction, which is slated for completion in early 2018. During that time, plans call for a temporary operations and maintenance facility on the former Fort Ord.

"This is the largest construction project that MST has undertaken as an agency," says Hunter Harvath, MST assistant general manager for finance and administration. "A great team of planners and construction managers is working diligently to keep MST service running consistently and reliably throughout project construction."

Rendering of the new Monterey Bay Operations & Maintenance Facility



NEW HARTNELL COLLEGE SHELTER SERVES STUDENTS AND STAFF

MST passengers boarding buses at the main Hartnell College campus will enjoy extra protection from the elements this winter, thanks to new shelters installed as the current academic year began.

In the past, space limitations prevented MST from installing an Americans with Disabilities Act-compliant shelter at the busiest bus stop at Hartnell. By teaming up with the Salinas Union High School District, however, MST secured a larger location across the street from the college's main grounds.

Construction funds came from California Proposition 1B bonds that MST designated for shelter additions in high-ridership locations. Approved by the voters in 2006, the agency received an allocation of \$250,000 in 2015 to purchase and install 20 shelters throughout its service area. In addition, the County of Monterey funded four more replacement shelters in Castroville through a federal Community Development Block Grant.

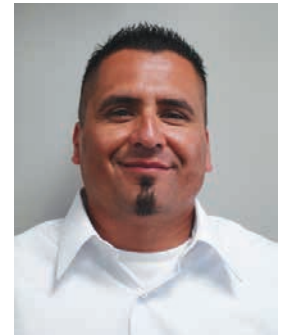
MST also partners with the Associated Students of Hartnell College (ASHC) to provide a free fare zone for students boarding at fixed-route stops on the school's three campuses located in central Salinas, East Salinas, and King City.



New ADA-compliant bus shelter at Hartnell College

2016 EMPLOYEE OF THE YEAR

RUBEN CANO, JR. began his career as a coach operator with Monterey-Salinas Transit in August 2008. A recent recipient of a seventh annual Safe Driving Award, Ruben has also received multiple attendance awards and other special service recognitions. During his career with MST, Ruben has served as a distinguished line instructor and has completed three 6-month tours of duty as an interim operations supervisor. He was previously recognized as Employee of the Month in March of 2015 and April of 2016.



In March of this year, Ruben was named as one of five recipients of the 2015 General Manager's Coach Operator Performance Excellence Award. This annual award recognizes operators who have maintained perfect attendance, on-time performance of 90% or higher, and have received no valid employee conduct complaints. This is the fourth time in which Ruben has received this award since 2011.

We are pleased to recognize Ruben for his excellent performance this year and for his dedication to those who depend upon us for safe, friendly, and efficient service.

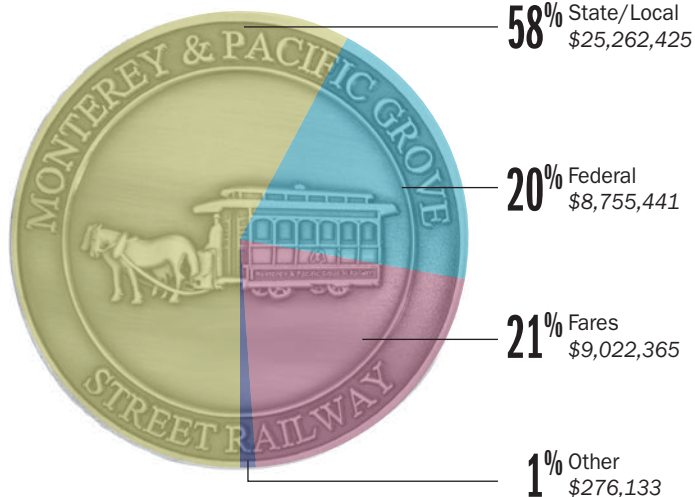
2016 EMPLOYEES OF THE MONTH

JANUARY	Ezequiel Rebollar
FEBRUARY	Hector Suarez
MARCH	Noe Figueroa
APRIL	Ruben Cano, Jr.
MAY	Eddy Gonsales
JUNE	Michelle Overmeyer
JULY	Michael Gallant
AUGUST	Leticia Trevino
SEPTEMBER	Sherman Upshaw
OCTOBER	Susie Ellis
NOVEMBER	Angelina Ruiz
DECEMBER	Ed Goodin

2016 FINANCIALS

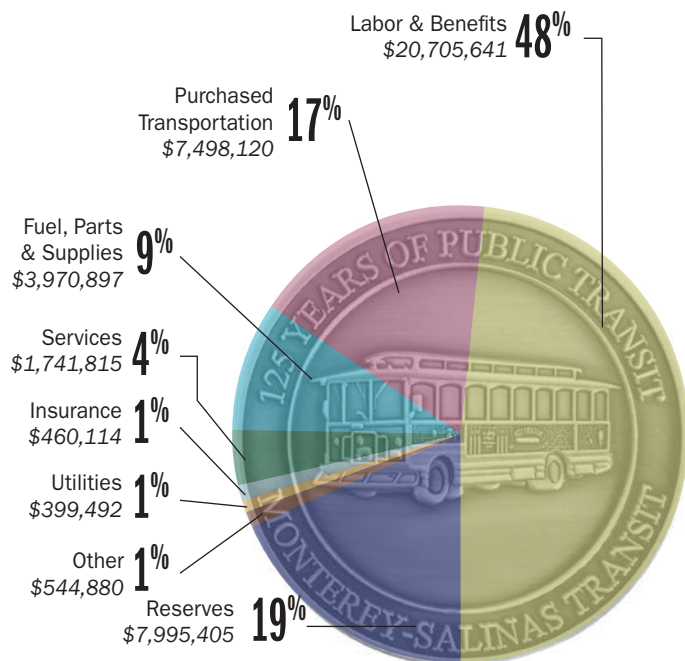
Operating Revenue

\$ 43,316,364



Operating Expenses

\$ 43,316,364



MST saved the following resources by using Pacesetter Gloss paper with 10% post-consumer waste:

Renewable energy certificates—3 fully grown trees,
1,911 gallons of water, 3.2 million BTUs of energy,
203 pounds of solid waste, and 393 pounds
of greenhouse gasses*

* Calculations based on research by Environmental Defense Fund
and other members of the Paper Task Force.



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(post-consumer waste)

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2016 BOARD OF DIRECTORS

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Chair

City of King

Mike LeBarre

Vice-Chair

.....

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Kristin Clark

City of Gonzales

Robert Bonincontri

City of Greenfield

Leah Santibañez

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City of Monterey

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City of Sand City

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City of Seaside

David Pacheco

City of Soledad

Patricia Stephens

BOARD MEETINGS: Usually occur on the second Monday of each month, 10:00 a.m., Monterey-Salinas Transit Board Room, 19 Upper Ragsdale Drive, Suite 100, Monterey, CA 93940

MST

MONTEREY-SALINAS TRANSIT

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