



Monterey Regional Taxi Authority

*City of Carmel-by-the-Sea • City of Del Rey Oaks • City of Marina • City of Monterey
City of Pacific Grove • City of Salinas • City of Sand City • City of Seaside
Monterey Peninsula Airport District • County of Monterey*

Board of Directors Regular Meeting

May 8, 2017

Immediately following the MST Board Meeting (no earlier than 11:00 a.m.)

Frank J. Lichtanski Administration Building
Board Room, First Floor
19 Upper Ragsdale Dr., Suite 100, Monterey 93940

1. CALL TO ORDER

- 1-1. Roll Call.
- 1-2. Pledge of Allegiance.
- 1-3. Review highlights of the agenda. (Carl Sedoryk)

2. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Members of the public may address the Board on any matter related to the jurisdiction of The Monterey County Regional Taxi Authority but not on the agenda. There is a time limit of not more than three minutes for each speaker. The Board 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

These items will be approved by a single motion. Anyone may request that an item be discussed and considered separately.

- 3-1. Minutes of the regular meeting of October 24, 2016.
(Jeanette Alegar-Rocha) (Pg. 5)

- 3-2. Minutes of the Strategy Planning Workshop on January 9, 2017.
(Jeanette Alegar-Rocha) (Pg. 9)
- 3-3. Receive January 2017 – March 2017 Financial Statements.
(Andrea Williams) (Pg. 13)
- 3-4. Receive Update on the Directors and Officers Insurance. (Kelly Halcon)
(Pg. 17)

End of Consent Agenda

4. REPORTS & PRESENTATIONS

No action is required unless specifically noted.

- 4-1. Receive update from RTA staff and the January 2017 – March 2017 Report from RTA Administrator. (Hunter Harvath)

5. BIDS/PROPOSALS

6. PUBLIC HEARINGS

7. ACTION ITEMS

- 7-1. Receive FY 2016 Annual Financial Report & Audit and authorize fund transfer from RTA to MST to reimburse FY 2015 and 2016 operating expenses. (Hunter Harvath) (Pg. 21)
- 7-2. Adopt FY 2018 Preliminary Draft Operating Budget and refer to Finance Committee for review and recommendation. (Hunter Harvath) (Pg. 35)

8. COMMENTS BY BOARD MEMBERS

- 8-1. Reports on meetings attended by board members at RTA expense.
(AB1234).
- 8-2. Board member Comments and Announcements.
 - a. Nominating Committee for FY 2018 Officers
- 8-3. Board member Referrals to TAC or future RTA agendas.

9. CORRESPONDENCE & INFORMATION ITEMS

10. CLOSED SESSION

As permitted by Government Code §64956 et seq. of the State of California, the Board of Directors may adjourn to Closed Session to consider specific matters dealing with personnel and/or pending possible litigation and/or conferring with the Board's Meyers-Milias-Brown Act representative.

11. RETURN TO OPEN SESSION

11-1. Report on action taken during Closed Session.

12. ADJOURN

NEXT MEETING DATE: July 10, 2017 immediately following MST Board meeting and no sooner than 11:00am.

LOCATION: 19 Upper Ragsdale Dr., Suite 100, Monterey, CA 93940

NEXT AGENDA DEADLINE: June 23, 2017

Materials related to an item on this agenda submitted to the Board 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.

888-678-2871 / Free language assistance / Asistencia de Lenguaje Gratuito / Libreng tulong para sa wika / Hỗ trợ ngôn ngữ miễn phí / 무료 언어 지원

Blank Page

**Monterey County Regional Tax Authority
MINUTES**

October 24, 2016
10:00 a.m.

Frank J. Lichtanksi Administration Building
19 Upper Ragsdale Dr., Suite 100. Monterey 93940

Present:	Carolyn Hardy	City of Carmel-by-the-Sea
	Frank O'Connell	City of Marina
	Libby Downey	City of Monterey
	Dan Miller	City of Pacific Grove
	David Pacheco	City of Seaside
	David Pendergrass	City of Sand City
	Mary Ann Leffel	Monterey Peninsula Airport District
Absent:	Kristin Clark	City of Del Rey Oaks
	Fernando Armenta	County of Monterey
	Tony Barrera	City of Salinas
Staff:	Carl Sedoryk	General Manager/CEO
	Hunter Harvath	Asst. GM of Finance & Administration
	Alex Lorca	De Lay & Laredo
	Jeanette Alegar-Rocha	Deputy Secretary
	Eva Perez	Office Administrator
	Andrea William	General Accountant & Budget Manager
Public:	John Cardinalli	Salinas Yellow Cab
	Karen Faurot	Monterey Police Department
	Ken Griggs	Monterey Peninsula Air District
	Tom Mancini	TAC Member
	Ben Miller	Pebble Beach

1. CALL TO ORDER

1-1. Roll Call.

Chairperson Leffel called the meeting to order at 10:00 a.m. and roll call was taken.

1-2. Pledge of Allegiance.

Director Pendergrass led the Pledge of Allegiance.

1-3. Review highlights of the agenda.

Carl Sedoryk reviewed the highlights of the agenda.

2. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

None

3. CONSENT AGENDA

3-1. Minutes of the regular meeting of July 25, 2016.

3-2. Minutes of the Ad Hoc Nominating Committee of July 15, 2016.

3-3. Minutes of the Technical Advisory Committee of July 18, 2016.

3-4. Minutes of the Finance Committee of July 25, 2016.

3-5. Receive July-September 2016 Financial Statements.

3-6. Receive Calendar Year 2017 Board Meeting Schedule.

Public Comment – none.

Director Leffel pulled item 3-6 and requested a motion to approve the Consent Agenda. Director Downey made the motion to approve and was seconded by Director Miller. The motion passed unanimously.

In reference to agenda item 3-6, Director Leffel stated that the agreement was to hold the nominating committee in January 2017. Mr. Sedoryk made the recommendation that the nominating committee meeting be held in January 2017. Director Pendergrass moved to approve the update to the RTA Meeting Schedule and was seconded by Director Hardy. The motion passed unanimously.

4. REPORTS & PRESENTATIONS

4-1. Receive update from RTA staff and the July 2016 – September 2016 Report from RTA Administrator.

Hunter Harvath provided an update on RTA activities. Vehicle and driver permits continue to trend downward, largely due to competition from Uber and Transportation Network Companies (TNC).

One incident with Yellow Cab from August 2016 has been resolved.

Public Comment – none.

5. BIDS/PROPOSALS

6. PUBLIC HEARINGS

7. ACTION ITEMS

7-1. Discuss proposed January 2017 Strategic Planning Workshop.

Mr. Sedoryk presented to the Board the recommendation to consolidate the RTA and MST Strategic Planning meetings.

Director Downey agreed with the recommendation to consolidate and asked to reduce any costs to the RTA. Directors Hardy and Pendergrass also agreed with combining the RTA and MST Strategic Workshop meetings. Chairperson Leffel proposed moving the January 23, 2017 RTA Board Meeting to Monday, January 9, 2017.

Director O'Connell inquired about the due date for agenda items for the January 9, 2016 which Mr. Sedoryk confirmed is December 21, 2016.

Chair Leffel requested MST staff to send an announcement to all cities to make their appointments to the RTA for the January 2017 Strategic Planning Workshop.

Public Comment - None.

Director Pendergrass made a motion to approve moving the next RTA Board Meeting to January 9, 2017 to combine the Strategic Planning Workshop and was seconded by Director Downey. The motion passed unanimously.

8. COMMENTS BY BOARD MEMBERS

8-1. Reports on meetings attended by board members at RTA expense. (AB1234).

8-2. Board member Comments and Announcements.

Director Hardy made comment on the ability obtain a list of Uber drivers to require delivery permits. Chair Leffel requested an item be added to the January 2017 agenda for this discussion.

9. CORRESPONDENCE & INFORMATION ITEMS

10. CLOSED SESSION

11. RETURN TO OPEN SESSION

12. ADJOURN

There being no further business, Chair Leffel adjourned the meeting at 10:26 a.m.

MONTEREY REGIONAL TAXI AUTHORITY

Frank J. Lichtanski Administrative Building
19 Upper Ragsdale Dr., Suite 100, Monterey 93940

**BOARD OF DIRECTORS
MINUTES**

January 9, 2017

1. CALL TO ORDER

- 1-1. Roll Call.
- 1-2. Pledge of Allegiance.

Chair Leffel called the meeting to order at 12:22 p.m. Roll call was taken and the pledge of allegiance followed.

- 1-3. Review Highlights of the agenda.

Mr. Sedoryk reviewed the highlights of the agenda.

Present:	Mary Ann Leffel Carolyn Hardy Kristin Clark Ken Cuneo Dan Albert Tony Barrera Dave Pacheco David Pendergrass	Monterey Peninsula Airport District City of Carmel-by-the-Sea City of Del Rey Oaks City of Pacific Grove City of Monterey City of Salinas City of Seaside City of Sand City
Absent:	Fernando Armenta Frank O'Connell	County of Monterey City of Marina
Staff:	Carl Sedoryk Hunter Harvath Kelly Halcon Jeanette Alegar-Rocha Eva Perez Alex Lorca	General Manager/CEO Asst. General Manager/Finance & Administration Director of Human Resources & Risk Management Executive Assistant/Clerk to the Board Office Administrator General Counsel/De Lay & Laredo
Public:	Lisa Yates	ACS Quantum Strategies, LLC

Apology is made for any misspelling of a name.

2. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Members of the public may address the Board on any matter related to the jurisdiction of The Monterey County Regional Taxi Authority but not on the agenda. There is a time limit of not more than three minutes for each speaker. The Board 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

These items will be approved by a single motion. Anyone may request that an item be discussed and considered separately.

None

4. REPORTS & PRESENTATIONS

No action is required unless specifically noted.

5. ACTION ITEMS

5-1. Conduct Strategic Planning Workshop. (Carl Sedoryk/Lisa Yates)

Lisa Yates, of ACS Quantum Strategies led the board through a facilitated strategic planning workshop. A robust discussion regarding the sustainability of the Regional Taxi Authority was had and the following direction was provided to staff:

- Report back to board with a scaled-back version of RTA and possible alternatives that ensure some oversight and representation of all cities.
- Consider meeting once a year with special committee and additional board meetings called as needed.
- Base the budget on one annual meeting and current insurance/audit/legal costs and other fixed costs.

6. COMMENTS BY BOARD MEMBERS

6-1. Board member Comments and Announcements.

6-2. Board member Referrals for future agendas.

Guidance was provided to staff to present a draft budget at the next RTA Board Meeting on April 24, 2017 that contemplates only one board meeting for fiscal year 2018.

7. CLOSED SESSION

As permitted by Government Code §64956 et seq. of the State of California, the Board of Directors may adjourn to Closed Session to consider specific matters dealing with personnel and/or pending possible litigation and/or conferring with the Board's Meyers-Milias-Brown Act representative.

None

8. ADJOURN

There being no further business, Chair Leffel adjourned the meeting at 1:50 p.m.

A handwritten signature in blue ink, appearing to read 'Jeanette Alegar-Rocha', is written over a horizontal line.

Prepared by: _____
Jeanette Alegar-Rocha, Deputy Secretary

Blank Page

To: Board of Directors
From: Hunter Harvath, Deputy Treasurer
Subject: Financial Report July 2016 – March 2017

RECOMMENDATION:

Receive and accept the quarterly financial report of the Monterey County Regional Taxi Authority.

DISCUSSION:

The financial report for Quarters 1 through 3 of FY 2017 of the Monterey County Regional Taxi Authority (RTA) is attached for your review.

Attachment- FY17 Q3 July 2016- March 2017 Financial Information



Prepared by: _____



Reviewed by: _____

Blank Page

Monterey County Regional Taxi Authority
 Budget vs. Actual
 July 2016 through March 2017

	QUARTER 1			QUARTER 2			QUARTER 3			TOTAL		
	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget
Operating Revenues												
Permit Fee Income	44,700	47,000	(2,300)	(1,500)	-	(1,500)	(900)	-	(900)	42,300	47,000	(4,700)
Permitting Revenue Mtry PD	-	-	-	-	-	-	-	-	-	-	-	-
Violation Fine Income/Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenues	44,700	47,000	(2,300)	(1,500)	-	(1,500)	(900)	-	(900)	42,300	47,000	(4,700)
Operating Expenses												
Administrative Expenses	3,450	3,450	-	3,350	3,450	(100)	3,400	3,450	(50)	10,200	10,350	(150)
Board of Directors Meetings	26	-	26	-	-	-	-	-	-	26	-	26
Customer Commt. Crd./Decals	2,590	250	(2,340)	489	250	239	-	250	(250)	489	750	(261)
Legal Services	2,372	3,750	(1,378)	491	3,750	(3,259)	927	3,750	(2,823)	4,009	11,250	(7,241)
Liability Insurance Expense	302	2,750	(2,448)	2,372	2,750	(378)	2,621	2,750	(129)	7,365	8,250	(886)
Payroll Expenses	60	1,500	(1,440)	567	1,500	(933)	1,247	1,500	(253)	2,117	4,500	(2,383)
Postage	4	-	4	27	-	27	-	-	-	87	-	87
Travel and Meetings	4	-	4	-	-	-	-	-	-	4	-	4
Total Operating Expenses	8,804	11,700	(2,896)	7,296	11,700	(4,404)	8,196	11,700	(3,504)	24,295	35,100	(10,805)
Net Operating Surplus/(Deficit)	35,896	35,300	596	(8,796)	(11,700)	2,904	(9,096)	(11,700)	2,604	18,005	11,900	6,105
Non-Operating Revenues												
Member contributions	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Non-Operating Expenses												
Member contributions (repay)	38,615	-	38,615	-	-	-	-	-	-	38,615	-	38,615
Total Non-Operating Expenses	38,615	-	38,615	-	-	-	-	-	-	38,615	-	38,615
Net Surplus/(Deficit)	(2,719)	35,300	(38,019)	(8,796)	(11,700)	2,904	(9,096)	(11,700)	2,604	(20,610)	11,900	(32,510)

Blank Page

To: Board of Directors
From: K. Halcon, Director of Human Resources/Risk Management
Subject: Directors and Officers Insurance

RECOMMENDATION:

Inform the RTA Board members of the renewal and procurement of General Liability and Directors and Officers insurance.

FISCAL IMPACT:

Not to exceed \$10,500.00 for one year of coverage. The revenue generate from licensing fees will cover this expense.


POLICY IMPLICATIONS:

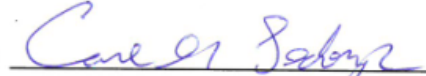
Staff has been working with an outside brokerage firm to renew and procure General Liability and Directors and Officers insurance for the Regional Taxi Authority.

DISCUSSION:

The current Joint Powers Agreement allows the RTA to contract with MST for the provision of all of insurance as the RTA Board of Directors deems necessary and appropriate. General Liability, Director and Officers insurances will carried for the benefit of the RTA and those parties designated to do business in the name of the RTA Board. The RTA currently has this policy and MST staff had renewed the current policy for the next plan year.

Monterey-Salinas Transit has contacted Driver Alliant to act as the broker in this transaction and to acquire the best price for the above mentioned insurances. The current cost quote for General Liability and Directors and Officers insurance with coverage up to \$1 million dollars. Total premium cost to the RTA is \$10,485.12 for this year which will be covered by the money collected from licensing fees. This is an increase of \$998.72 from last year. This increase is due to the hardening of the insurance market at this time.

Prepared by: 
Kelly Halcon, Director of HR & Risk Management

Reviewed by: 
Carl G. Sedoryk, General Manager/CEO

Blank Page

To: Board of Directors
From: Hunter Harvath, Deputy Treasurer
Subject: Fiscal Year 2016 Audit

RECOMMENDATION:

1. Receive Fiscal Year 2016 Audit for the Monterey County Regional Tax Authority.
2. Authorize fund transfer from RTA to MST in the amount of to reimburse FY 2015 and 2016 operating expenses

DISCUSSION:

To provide transparency for the general public as well as for local, state, and federal stakeholders, it is good practice for governmental agencies to hire an independent accounting firm to attest to the state of the agency's finances.

Article VII. Board Responsibilities, Section c., of the Monterey County Regional Taxi Authority (RTA) Bylaws, states:

“The Board shall... cause a post audit of the financial transactions and records of the Authority to be made at least annually by a certified public accountant.”

In that regard, the Fiscal Year 2016 audit for the Monterey County Regional Tax Authority (RTA), prepared by Vavrinek, Trine, Day & Co., LLP, is attached for your review and will be made available to the public on the RTA website.

A highlight of the audit is that the agency's net position improved by \$33,756 from FY 15 to FY 16 – an increase of 72%, with revenues exceeding expenses for the year. It should be noted, however, that revenues from taxi dispatching companies dropped by 8%, from \$63,024 in FY 2015 to \$57,900 in FY 2016. This reduction in revenue – the second year in a row – can in large part be attributed to the entry of Uber into the Monterey County marketplace. Still, even with the reduction in revenue, staff was successful in keeping expenses below what was budgeted by \$12,000 – a positive variance of 26%.

Another key data point of the audit is tracking how much money MST spends on RTA operating expenses each fiscal year. Once those expenses are audited, your Board is asked to transfer RTA revenues in that amount from RTA to MST for reimbursement. As shown on page 5 of the audit, the RTA has “Liabilities payable to Monterey-Salinas Transit” in the amount of \$68,311. In that regard, staff is requesting your Board to authorize the transfer of these funds from the RTA to MST. Even with that transfer of funds, the RTA will still have net assets of \$80,834 in the form of cash reserves – sufficient to weather unexpected fiscal conditions in FY 2018.

ATTACHMENT: FY 2016 MCRTA Annual Financial Report & Audit

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

ANNUAL FINANCIAL REPORT

**FOR THE YEARS ENDED
JUNE 30, 2016 AND JUNE 30, 2015**

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

**TABLE OF CONTENTS
JUNE 30, 2016 AND JUNE 30, 2015**

	Pages
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statements of Net Position	5
Statements of Revenues, Expenses and Changes in Net Position	6
Statements of Cash Flows	7
NOTES TO FINANCIAL STATEMENTS	8

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Monterey County Regional Taxi Authority
Monterey, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Monterey County Regional Taxi Authority (Authority), as of and for the years ended June 30, 2016 and June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditors' Responsibility

Our responsibility is to express opinions 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2016 and June 30, 2015, and the changes in financial position and cash flows thereof for the years 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 response 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
March 17, 2017

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016 AND JUNE 30, 2015

The following narrative provides an overview and analysis of the financial activities of the Monterey County Regional Taxi Authority (the Authority) for the years ended in June 30, 2015 and 2016, respectively. It is provided in order to enhance the information in the financial audit and should be reviewed with the audit report.

Agency Profile

The Authority was formed on August 9, 2010 as a Joint Powers Authority. The members of the Authority are currently the City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Marina, City of Monterey, City of Pacific Grove, City of Salinas, City of Sand City, City of Seaside, Monterey Peninsula Airport District and County of Monterey. The Authority was formed to provide services of issuing taxi permits. Monterey-Salinas Transit (MST) provides administrative, licensing and inspection services to the Authority. The Authority is governed by a ten-person board comprised of one elected official from each member jurisdiction. MST contracts with the City of Monterey Police Department to provide services related to taxi driver permitting and taxi vehicle inspections.

Financial Highlights

Initial startup costs for the Authority totaling \$15,000 were provided by the original 8 member agencies upon its inception at the beginning of FY 2011. An additional \$1,875 was provided by the County of Monterey when it joined the RTA in February of 2011. Monterey Salinas Transit (MST) provides administrative services for the Authority. During the course of 2016 and 2015, MST paid for the operating expenses of the Authority in the amount of \$34,742 and \$40,513, respectively. The balance of the Due-To-MST increased to \$68,311 in 2016 from \$34,275 in 2015. In order to fully retire the Due-To-MST balance generated before taxi permit revenues were fully being collected, the member agencies voted in April 2013 to assess themselves additional funds in the amount of \$108,505 to be collected in fiscal year 2014. These start-up fees would subsequently be reimbursed to member agencies through future permit revenues. The assets of the Authority consist of cash in banks which increased by \$79,314 from 2015 to 2016. This increase in assets represents primarily the revenues collected in permit fees during that period, while expenses were advanced by MST to the Authority. After the current year audit is complete, the Board of Directors will be asked to transfer funds from the RTA to MST to cover the outstanding administrative expenses that are advanced by MST up to the point of the audit. Staff intends to follow this procedure on a periodic basis so that both agencies and the public are assured through the audit process that all expenses and revenues eventually get attributed to the proper agency.

Economic Factors and the Next Year's Budget

After two years of negative income the Authority is now a self-sustaining agency in which revenues have exceeded expenses in FY 2013, FY 2014, FY 2015, and FY 2016. In FY 2012, the Authority paid extraordinary legal and other administrative costs that have not recurred in subsequent years, which resulted in expenses exceeding revenues by \$49,713. However, in FY 2013 operating revenues exceeded expenses by \$4,686, demonstrating that the Authority can be self sustaining when normal expenditures and revenues occur. In FY 2014, the Authority's net position increased by \$48,339, and, for the first time since its inception in the beginning of FY 2011, assets exceeded liabilities. In FY 2015, the authority demonstrated its further financial stability, which enabled the Board of Directors to vote at its April 27, 2015 meeting to repay all liabilities due to Monterey-Salinas Transit from FY 2011 through FY 2014.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016 AND JUNE 30, 2015

With that completed, a payment plan for those member jurisdictions seeking reimbursement for start-up fees was proposed to the Board of Directors in FY 2016 as part of the FY 2017 budget process. With the agency's internal financial stability addressed, external economic factors that could affect next year's budget are focused around the long-term viability of the taxi industry itself given competition from so-called "Transportation Networks Companies" (TNC's -- e.g., Uber, Lyft). The state of California has specifically placed the oversight of these TNC's with the Public Utilities Commission, leaving few tools for local municipalities and agencies such as the RTA to monitor and enforce regulations over them. Staff continues to monitor the state of the taxi industry, the growth of the TNC's, and the potential impact a far smaller taxi industry in this service area would have on the potential revenues, which are based on the number of taxi vehicles operated by each company, and that support the operation of the agency.

Contacting the Monterey County Regional Taxi Authority Financial Management

This financial report is designed to provide the Authority's customers, stakeholders and other interested parties with an overview of the Authority's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Assistant General Manager for Finance and Administration at 19 Upper Ragsdale Drive, Suite 200, Monterey, California 93940.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

STATEMENTS OF NET POSITION JUNE 30, 2016 AND JUNE 30, 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash in banks	\$ 144,402	\$ 65,088
Accounts Receivable	-	10,815
Prepaid items	4,743	5,450
Total Assets	<u>149,145</u>	<u>81,353</u>
 LIABILITIES		
Payable to Monterey-Salinas Transit	<u>68,311</u>	<u>34,275</u>
 NET POSITION - UNRESTRICTED	<u>\$ 80,834</u>	<u>\$ 47,078</u>

See accompanying notes to the financial statement.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Taxi permit revenue	\$ 57,900	\$ 63,024
OPERATING EXPENSES		
Salaries and benefits	4,204	5,140
Contracted services	4,612	5,876
General expenses	25,926	29,497
Total Operating Expenses	<u>34,742</u>	<u>40,513</u>
OPERATING INCOME	<u>23,158</u>	<u>22,511</u>
NON-OPERATING REVENUES		
Member contributions	10,598	-
Total Non-Operating Revenues	<u>10,598</u>	<u>-</u>
CHANGE IN NET POSITION	33,756	22,511
NET POSITION, BEGINNING OF YEAR	47,078	24,567
NET POSITION, END OF YEAR	<u>\$ 80,834</u>	<u>\$ 47,078</u>

See accompanying notes to the financial statement.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from taxi permits	\$ 68,716	\$ 59,070
Cash paid to MST for expense reimbursement	-	(178,420)
Net Cash Provided by (Used for) Operating Activities	<u>68,716</u>	<u>(119,350)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Member contributions	<u>10,598</u>	<u>16,631</u>
Net Cash Provided by Non-Capital Financing Activities	<u>10,598</u>	<u>16,631</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,314	(102,719)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>65,088</u>	<u>167,807</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 144,402</u>	<u>\$ 65,088</u>
RECONCILIATION OF OPERATING NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 23,158	\$ 22,511
Adjustments to reconcile operating net income to net cash provided by operating activities:		
decrease in due to accounts receivable	10,815	2,908
(Increase) decrease in due to prepaid items	707	(625)
Increase (decrease) in due to MST	<u>34,036</u>	<u>(144,144)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 68,716</u>	<u>\$ (119,350)</u>

See accompanying notes to the financial statement.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Monterey Regional Taxi Authority (“the Authority”) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

Description of the Organization

The Authority was formed on August 9, 2010 as a Joint Powers Authority. The members of the Authority are currently the City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Marina, City of Monterey, City of Pacific Grove, City of Salinas, City of Sand City, City of Seaside, Monterey Peninsula Airport District and County of Monterey. The Authority was formed to provide services of providing taxi permits. Monterey-Salinas Transit (MST) provides administrative, licensing and inspection services to the Authority. The Authority is governed by a nine-person board comprised of one elected official from each member jurisdiction. MST contracts with the City of Monterey Police Department to provide services related to taxi driver permitting and taxi vehicle inspections.

Basis of presentation and Basis of Accounting

The accounts of the Authority are organized on the basis of fund accounting. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The Authority utilizes a proprietary-type fund to account for its activities.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The Authority applies all GASB pronouncements as applicable.

Operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Authority's operating revenues are charges to the member agencies for taxi permits. The operating expenses for the Authority are the cost of running the program such as the salaries and benefits for the employees who are engaged in the program. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted and unrestricted resources

When both restricted and unrestricted resources are available for the same purpose, the Authority's policy is to use all available restricted resources first before unrestricted resources are utilized.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash equivalents consisted of cash in banks in the amount of \$144,402 and \$65,088 for the fiscal years ended June 30, 2016 and June 30, 2015, respectively, all of which are FDIC insured.

NOTE 3 – DUE TO MST

The expenses of the Authority are paid by MST. During the fiscal years ended June 30, 2016 and 2015, respectively, MST made payments of all the expenses on behalf of the Authority in the amount of \$34,742 and \$40,513. The Due To MST balances were \$68,311 and \$34,275 for the fiscal years ended June 30, 2016 and June 30, 2015, respectively.

NOTE 4 – NET POSITION

The surplus in net position represents equity of the members of the Authority. Generally, there is no accounting for individual member's equity on the books of the Authority. As of June 30, 2016 and June 30, 2015, respectively, the Authority had net position in the amount of \$80,834 and \$47,078.

To: Board of Directors
From: Hunter Harvath, Deputy Treasurer
Subject: FY 2018 Preliminary Budget

RECOMMENDATION:

Adopt FY 2018 Preliminary Draft Operating Budget and refer to Finance Committee for review and recommendation.

FISCAL IMPACT:

\$28,825 in revenues and \$28,825 in expenses.

POLICY IMPLICATIONS:

Article XIII. Budget Process, Section a., of the RTA Bylaws states:

“For each fiscal year...the Board shall adopt an Authority budget for capital and operating expenses, as well as capital and operating revenues.”

In addition, Article XIII, Budget Process, Section b. states:

“The Board shall adopt at least a preliminary budget by June 30 which shall serve as the tentative Authority budget pending adoption of a final budget. A final budget shall be adopted no later than August 30 of each year.”

DISCUSSION:

Section 4: Administrative Costs of the Monterey County Regional Taxi Authority Joint Powers Agreement states:

“It is the intent of the Parties to establish and collect fees from taxi operators which are sufficient to cover the administrative costs of the RTA, the premium cost for any liability insurance coverage carried for the benefit of the RTA and the cost of services to be provided by MST to the RTA.”


As of December 2011, the city of Monterey, via subcontract to MST, is responsible for conducting vehicle and driver permitting. That service is self-funded through fees charged by the city to drivers and vehicle owners.

The remainder of RTA's administrative costs, including holding Board and Technical Advisory Committee meetings, procuring liability insurance for board members, legal fees, as well as processing permits and enforcing regulations for taxi dispatching companies, must be generated through annual permit fees levied on taxi dispatching companies. Based on the input received from your Board at the January 9th strategic planning session, staff has created this budget contemplating only one board meeting in FY 2018. In that regard, expense categories that are based on the number of board meetings held (e.g., Administrative Staff time, postage for mailing agendas, legal fees, board member stipends, etc.) have been reduced. However, other fixed costs would not change with the reduction of the number of board meetings (e.g., website maintenance, board member insurance, etc.). Taking these items into consideration, staff has reduced total budgeted expenses by 38%.

On the revenue side, staff is developing a new pro-rated formula to assess fees. This new method will be presented to the Finance Committee for review and input. Subsequently, the recommendations of the committee as to the FY 2018 RTA permit fee structure will be presented to your Board at the July meeting for consideration and adoption. The goal of a revised permit fee structure would be for every taxi dispatching company to have lower bills for FY 2018 than they paid in FY 2017, while still covering all of the RTA administrative expenses.

Staff recommends referral of this preliminary budget to the RTA Finance Committee, with which staff will review actual expenditures to date for FY 2017, projected expenditures for the remainder of the fiscal year, as well as a proposed RTA permit fee restructuring. Based on input from the committee, a final draft of the RTA FY 2018 budget, as well as a possible new permit fee structure, will be presented to your Board at the July 25th meeting for consideration and adoption.

Attachment: Monterey County Regional Taxi Authority FY 2018 Preliminary Draft Operating Budget

PREPARED BY: 
Hunter Harvath

REVIEWED BY: 
Carl G. Sedoryk

ATTACHMENT 1

**Monterey County Regional Tax Authority
FY 2017 Preliminary Draft Operating Budget**

Revenue:			FY 2017 Budget	FY 2018 Budget	% Change
Permit Fees:					
	1st Vehicle Fee	\$ 1,000 ea	\$8,000	\$ 0	-100%
	Subsequent Vehicles	\$ 300 ea	\$39,000	\$ 0	-100%
	New Fee Structure*		\$ 0	\$28,825	+100%
	TOTAL REVENUE		\$47,000	\$28,825	-39%
Expenses:					
Labor:					
	RTA Admin Staff		\$6,000	\$3,000	-50%
Administrative:					
	Agenda production:		\$3,000	\$ 750	-75%
	Postage		\$500	\$125	-75%
	Audit		\$4,000	\$4,000	-
	Legal Notices		\$3,500	\$3,500	-
	Customer Comment Card		\$1,000	\$0	-100%
	Website Admin		\$1,000	\$1,000	-
	Board meeting stipends		\$1,800	\$ 450	-75%
	Subtotal Administration		\$14,800	\$ 9,825	-34%
Legal:					
	Legal Services		\$15,000	\$ 5,000	-66%
Insurance:					
	Insurance		\$11,000	\$11,000	-
	TOTAL EXPENSES		\$46,800	\$28,825	-38%
	CASH ADDED TO RESERVES		\$ 200	\$ 0	-100%

*RTA staff are developing a new pro-rated fee structure to equitably distribute the expenses of the RTA to the taxicab dispatching companies. This will be presented to the RTA Finance Committee for review and subsequently to the Board of Directors for consideration at its July 2017 meeting.

Blank Page