



## 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

July 09, 2018

**Immediately following the adjournment of the regular MST Board Meeting and no earlier than 11am**

MST Board Room  
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 July 24, 2017.  
(Jeanette Alegar-Rocha) (Pg. 5)
- 3-2. Receive July 2017 – June 2018 Financial Statements.  
(Andrea Williams) (Pg. 9)
- 3-3. Receive RTA Board Appointments for FY 2019. (Carl Sedoryk) (Pg. 13)

- 3-4. Receive update and approve purchase of Directors and Officers Insurance in an amount not to exceed \$10,836. (Kelly Halcon) (Pg. 15)

End of Consent Agenda

#### **4. REPORTS & PRESENTATIONS**

*No action is required unless specifically noted.*

- 4-1. Receive update from RTA staff and the July 2017 – June 2018 Report from RTA Administrator. (Hunter Harvath)

#### **5. BIDS/PROPOSALS**

#### **6. PUBLIC HEARINGS**

#### **7. ACTION ITEMS**

- 7-1. Review FY 2017 RTA Audit and reimburse \$31,329 to MST for RTA expenses incurred during FY 2017. (Hunter Harvath) (Pg.17)
- 7-2. Adopt Fiscal Year 2019 Budget. (Hunter Harvath) (Pg. 33)

#### **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.
- 8-3. Board member Referrals to TAC or future RTA agendas.

#### **9. CORRESPONDENCE & INFORMATION ITEMS**

- 9-1. Yellow Cab Workers Compensation Letter (pg. 37)

#### **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: TBD**

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

**NEXT AGENDA DEADLINE: TBD**

*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 County Regional Taxi Authority 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 Monterey County Regional Taxi Authority – c/o Clerk to the Board, 19 Upper Ragsdale Dr., Suite 200, Monterey, CA 93940 or [clerk@mst.org](mailto:clerk@mst.org).*



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**Monterey County Regional Tax Authority  
MINUTES**

July 24, 2017  
10:00 a.m.

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

<b>Present:</b>	Carolyn Hardy	City of Carmel-by-the-Sea
	Pat Lintell	City of Del Rey Oaks
	Frank O'Connell	City of Marina
	Dan Albert	City of Monterey
	Ken Cuneo	City of Pacific Grove
	Mayor, Joe Gunter	City of Salinas
	David Pacheco	City of Seaside
	Mayor, Mary Ann Carbone	City of Sand City
	Mary Ann Leffel	Monterey Peninsula Airport District
<b>Absent:</b>	Luis Alejo	County of Monterey
<b>Staff:</b>	Carl Sedoryk	General Manager/CEO
	Hunter Harvath	Assistant General Manager
	Michael Laredo	De Lay & Laredo
	Jeanette Alegar-Rocha	Deputy Secretary
	Eva Perez	Office Administrator
	Andrea Williams	General Accountant & Budget Manager
<b>Public:</b>	None	

*Apology is made for any misspelling of a name.*

**1. CALL TO ORDER**

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

The meeting was called to order at 10:05 a.m. Roll call was taken and the pledge of allegiance followed led by Director Pacheco.

- 1-3. Review highlights of the agenda.

Mr. Sedoryk reviewed the highlights of the agenda and noted a typo on agenda item 3-4 and commented that there is no attachment 2.

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

Public Comment – none.

## **3. CONSENT AGENDA**

- 3-1. Minutes of the regular meeting of May 8, 2017.
- 3-2. Minutes of the Finance Committee of July 10, 2017.
- 3-3. Receive July 2016 – June 2017 Financial Statements.
- 3-4. Conduct election of Board officials and make board appointments for FY 2018.

Public Comment – none.

**Chair Leffel requested a motion to approve the Consent Agenda. Director Cuneo made the motion to approve and was seconded by Director Carbone. The motion passed unanimously.**

## **4. REPORTS & PRESENTATIONS**

- 4-1. Receive update from RTA staff and the July 2017 – June 2017 Reports from RTA Administrator.

Hunter Harvath provided an update on FY 2017 year to date RTA activities.

## **5. BIDS/PROPOSALS**

## **6. PUBLIC HEARINGS**

## **7. ACTION ITEMS**

- 7-1. Approve Fiscal Year 2018 Operating Budget.

Hunter Harvath presented the FY 2018 Final Draft Operating Budget to the board to approve. The budget reflects an overall 39% reduction in revenues and a 38% reduction in total operating expenses resulting from a proposed reduction in Labor and Administrative expenses.

**Director Albert made the motion to authorize the FY 2018 Operating Budget which was seconded by Director Gunter. 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.

**Chair Leffel announced that Monterey Airport continues to strongly enforce permit requirements with Uber and Lyft.**

**Director Albert publically thanked Chair Leffel for her outstanding service as chair on the RTA Board and also thanked Director Cuneo for accepting his new appointment as Chair on the RTA Board.**

**Director Cuneo commented on the success of other taxi administrations and asked if training could be developed in the form of videos and be made available in the future for potential taxi drivers.**

8-3. Board member Referrals to TAC or future RTA agendas.

**9. CORRESPONDENCE & INFORMATION ITEMS**

**10. CLOSED SESSION**

**11. RETURN TO OPEN SESSION**

**12. ADJOURN**

There being no further business, the meeting adjourned at 10:40 a.m.

Prepared by:



Jeanette Alegar-Rocha

Reviewed by:



Carl G. Sedoryk

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To: Board of Directors  
From: H. Harvath, Deputy Treasurer  
Subject: Financial Report: July 2017 – June 2018

**RECOMMENDATION:**

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

**DISCUSSION:**

The preliminary financial report for FY 2018 of the Monterey County Regional Taxi Authority (RTA) is attached for your review.

Prepared by:   
Andrea C. Williams, Accountant

Reviewed by:   
Hunter Harvath, Assistant GM

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**Monterey County Regional Taxi Authority**  
**Budget vs. Actual**  
**July 2017 through June 2018**

	QUARTER 1			QUARTER 2			QUARTER 3			QUARTER 4 Preliminary			TOTAL		
	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget
<b>Operating Revenues</b>															
Permit Fee Income	30,438	28,825	1,613	-	-	-	(1,068)	-	(1,068)	-	-	-	29,370	28,825	545
Total Operating Revenues	30,438	28,825	1,613	-	-	-	(1,068)	-	(1,068)	-	-	-	29,370	28,825	545
<b>Operating Expenses</b>															
Administrative Expenses	2,944	2,794	150	2,344	2,344	-	2,344	2,344	-	2,344	2,344	-	9,975	9,825	150
Decals	-	-	-	498	-	498	-	-	-	-	-	-	498	-	498
Gold Web & Email Package	239	-	239	-	-	-	-	-	-	-	-	-	239	-	239
Legal Services	646	1,250	(604)	-	1,250	(1,250)	983	1,250	(267)	87	1,250	(1,163)	1,716	5,000	(3,284)
Liability Insurance Expense	2,621	2,621	-	2,621	2,621	-	2,709	2,879	(170)	2,709	2,879	(170)	10,660	11,000	(340)
Payroll Expenses	599	750	(152)	40	750	(710)	160	750	(590)	359	750	(391)	1,157	3,000	(1,843)
Postage	66	-	66	-	-	-	-	-	-	7	-	7	73	-	73
Total Operating Expenses	7,115	7,415	(300)	5,503	6,965	(1,462)	6,195	7,222	(1,028)	5,505	7,222	(1,717)	24,318	28,825	(4,507)
Net Operating Surplus/(Deficit)	23,323	21,410	1,913	(5,503)	(6,965)	1,462	(7,263)	(7,222)	(40)	(5,505)	(7,222)	1,717	5,052	0	5,052

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To: Board of Directors  
From: C. Sedoryk, General Manager/CEO  
Subject: FY 2019 RTA Board Appointments

**RECOMMENDATION:**

Receive recommendation from RTA nominating committee and elect Board officials for FY 2019.

**FISCAL IMPACT:**

None.

**POLICY IMPLICATIONS:**

Your Board elects a chair and vice-chair each year and makes necessary staff appointments to conduct the business of the RTA.

**DISCUSSION:**

The RTA Nominating Committee nominated Dave Pacheco as Chair and Tony Barrera as Vice Chair . Your approval will elect and appoint these positions per the nominating committee recommendations.

ATTACHMENT: Recommended RTA Board / Appointments for FY 2019

PREPARED BY:

  
Carl G. Sedoryk

**MCRTA District Officers and Appointments  
Fiscal Year 2019**

***Officers elected by the Board:***

Chair	Dave Pacheco
Vice-Chair	Tony Barrera
City of Carmel-by-the-Sea	Carolyn Hardy
City of Del Rey Oaks	Kristin Clark
City of Marina	Frank O'Connell
City of Pacific Grove	Ken Cuneo
City of Salinas	Tony Barrera
City of Sand City	Mary Ann Carbone
City of Seaside	Dave Pacheco
County of Monterey	Luis Alejo
Monterey Regional Airport	Mary Ann Leffel

***Non-elected officers and appointments:***

Secretary to the Board	Carl G. Sedoryk, MST
Deputy Secretary to the Board	Jeanette Alegar-Rocha, MST
General Counsel	Michael Laredo, DeLay & Laredo

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 \$10,836 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 \$10,835.12 for this year which will be covered by the money collected from licensing fees. This is an increase from last year of \$350.00. This increase is due to the hardening of the insurance market at this time.

PREPARED BY:   
Kelly Halcon

REVIEWED BY:   
Carl G. Sedodryk

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To: Board of Directors  
From: Hunter Harvath, Deputy Treasurer  
Subject: Fiscal Year 2017 Audit and Fund Transfer

**RECOMMENDATION:**

1. Receive Fiscal Year 2017 Audit for the Monterey County Regional Taxi Authority.
2. Authorize fund transfer from RTA to MST in the amount of \$31,329 to reimburse audited expenses incurred by MST on behalf of RTA during FY 2017.

**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 2017 Audit Communication Letter (Attachment 1) and the Annual Financial Report for the Monterey County Regional Taxi Authority (Attachment 2), 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 remained strong even after reimbursing MST \$68,311 for expenses incurred over two fiscal years (FY 15 and FY 16). In addition, RTA expenses were kept under control, decreasing 11.2% from the previous fiscal year. Even with the substantially reduced revenues budgeted for FY 2017, expenses still came in under budget. This reduction in revenue – the third year in a row – can in large part be attributed to the entry of Uber and Lyft into the Monterey County marketplace.

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 12 of the audit, the RTA has “Liabilities payable to Monterey-Salinas Transit” in the amount of \$31,329. Per the recommendation of the RTA Finance Committee, 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 \$53,690 in the form of cash reserves – sufficient to weather unexpected fiscal conditions in FY 2019.

ATTACHMENT 1: FY 2017 MCRTA Audit Communication Letter

ATTACHMENT 2: FY 2017 MCRTA Annual Financial Report & Audit



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

VALUE THE *difference*

Governing Board of  
Monterey County Regional Taxi Authority  
Monterey, California

We have audited the financial statements of the Monterey County Regional Taxi Authority (Authority) for the years ended June 30, 2017 and 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit:

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 1, 2018.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We were not engaged to report on the introductory section or the statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

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

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
May 1, 2018

**MONTEREY COUNTY REGIONAL TAXI AUTHORITY**

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**ANNUAL FINANCIAL REPORT**

**FOR THE YEARS ENDED  
JUNE 30, 2017 AND JUNE 30, 2016**

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**MONTEREY COUNTY REGIONAL TAXI AUTHORITY**

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JUNE 30, 2017 AND JUNE 30, 2016**

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Monterey County Regional Taxi Authority  
Monterey, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Monterey County Regional Taxi Authority (Authority), as of and for the years ended June 30, 2017 and June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express 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, 2017 and June 30, 2016, 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

May 1, 2018

# MONTEREY COUNTY REGIONAL TAXI AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017 AND JUNE 30, 2016

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The following narrative provides an overview and analysis of the financial activities of the Monterey County Regional Taxi Authority (Authority) for the years ended in June 30, 2017 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 2017 and 2016, MST paid for the operating expenses of the Authority in the amount of \$30,829 and \$34,742, respectively. The balance of the Due-To-MST decreased to \$31,329 in 2017 from \$68,311 in 2016. 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 decreased to \$79,776 from 2016 to 2017. This decrease in cash was primarily due to a partial refund of member start-up fees in the amount of \$38,615.

### *Economic Factors and the Next Year's Budget*

The Authority continues to be self-sustaining in the current fiscal year. Operating revenues consistently exceeded operating expenses over the past five years. The Authority has refunded to the member agencies a portion of their initial startup fees in the amount of \$38,615. It is anticipated that next year's operating results will continue to show positive results and positive cash flows. Given the minimal activities of the RTA during FY 2017, the Board of Directors chose to reduce the number of scheduled meetings for FY 2018 to one for the full board and one for the finance committee. With that, the Board of Directors also retained the ability to call a meeting at any time during the year with proper public notice if a pressing issue arose that needed discussion.

# MONTEREY COUNTY REGIONAL TAXI AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017 AND JUNE 30, 2016

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### *Contacting the Authority's 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, 2017 AND JUNE 30, 2016

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	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash in banks	\$ 79,776	\$ 144,402
Prepaid items	5,243	4,743
Current Total Assets	<u>85,019</u>	<u>149,145</u>
 <b>LIABILITIES</b>		
Payable to Monterey-Salinas Transit	<u>31,329</u>	<u>68,311</u>
 <b>NET POSITION - UNRESTRICTED</b>	<u>\$ 53,690</u>	<u>\$ 80,834</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, 2017 AND JUNE 30, 2016

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	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Taxi permit revenue	\$ 42,300	\$ 57,900
OPERATING EXPENSES		
Salaries and benefits	2,502	4,204
Contracted services	4,036	4,612
General expenses	24,291	25,926
Total Operating Expenses	<u>30,829</u>	<u>34,742</u>
OPERATING INCOME	<u>11,471</u>	<u>23,158</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental	<u>(38,615)</u>	10,598
Total Non-Operating Revenues (Expenses)	<u>(38,615)</u>	<u>10,598</u>
CHANGE IN NET POSITION	(27,144)	33,756
NET POSITION, BEGINNING OF YEAR	80,834	47,078
NET POSITION, END OF YEAR	<u>\$ 53,690</u>	<u>\$ 80,834</u>

See accompanying notes to the financial statement.

**MONTEREY COUNTY REGIONAL TAXI AUTHORITY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from taxi permits	\$ 42,300	\$ 68,716
Cash paid to MST for expense reimbursement	<u>(68,311)</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>(26,011)</u>	<u>68,716</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental	<u>(38,615)</u>	<u>10,598</u>
Net Cash Provided (Used for) Non-Capital Financing Activities	<u>(38,615)</u>	<u>10,598</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(64,626)	79,314
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>144,402</u>	<u>65,088</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 79,776</u></u>	<u><u>\$ 144,402</u></u>
 <b>RECONCILIATION OF OPERATING NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 11,471	\$ 23,158
Adjustments to reconcile operating net income to net cash provided by operating activities:		
(Increase) decrease in prepaid items	(500)	707
Increase (decrease) in due to MST	<u>(36,982)</u>	<u>34,036</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u><u>\$ (26,011)</u></u>	<u><u>\$ 68,716</u></u>

See accompanying notes to the financial statement.

# MONTEREY COUNTY REGIONAL TAXI AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Monterey County Regional Taxi Authority (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 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.

#### 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, 2017 AND JUNE 30, 2016**

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### **NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash equivalents consisted of cash in banks in the amount of \$79,776 and \$144,402 for the fiscal years ended June 30, 2017 and June 30, 2016, 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, 2017 and 2016, respectively, MST made payments of all the expenses on behalf of the Authority in the amount of \$30,829 and \$34,742. The Due To MST balances were \$31,329 and \$68,311 for the fiscal years ended June 30, 2017 and June 30, 2016, 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, 2017 and June 30, 2016, respectively, the Authority had net position in the amount of \$53,690 and \$80,834.



To: Board of Directors  
From: Hunter Harvath, Deputy Treasurer  
Subject: FY 2019 Final Budget

**RECOMMENDATION:**

Adopt FY 2019 Final Operating Budget.

**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:

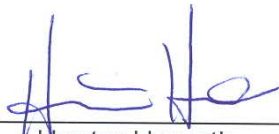
“It is the intent of the Parties to establish and collect fees from taxi operators which are sufficient to cover the administrative costs of the RTA, the premium cost for any liability insurance coverage carried for the benefit of the RTA and the cost of services to be provided by MST to the RTA.”

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.

On the revenue side, your Board approved for FY 2018 a new pro-rated formula to assess fees for taxi dispatching companies. This method proved to be highly successful, as actual revenues were only 7% less than what was budgeted. (The remaining 7% of past-due permit revenues will be collected by deducting that amount from the next month's taxi voucher reimbursement for one taxicab company.) Given the financial strain that the taxi industry has experienced with the influx of Transportation Network Companies (TNC's – Uber, Lyft, etc.), staff is pleased with the new pro-rated fee formula and proposes to use it again for FY 2019. In addition, the unaudited FY 18 expenses were approximately 15% less than the FY 18 revenues. In that regard, the RTA Finance Committee at its June 18, 2018, meeting has recommended that your Board adopt the FY 2019 budget (Attachment), which contains no changes from the FY 2018 budget.

Attachment: Monterey County RTA FY 2019 Final Draft Operating Budget

PREPARED BY:   
Hunter Harvath

REVIEWED BY:   
Carl G. Sedoryk

**Monterey County Regional Taxi Authority  
FY 2019 Draft Operating Budget**

<b>Revenue:</b>		<b>FY 2018</b>	<b>FY 2019</b>	<b>%</b>
		<b>Budget</b>	<b>Budget</b>	<b>Change</b>
Permit Fees:	(Old Fee Structure)			
	1st Vehicle Fee	\$ 1,000 ea	\$ 0	-
	Subsequent Vehicles	\$ 300 ea	\$ 0	-
	New Fee Structure	\$28,825	\$28,825	-
	<b>TOTAL REVENUE</b>	<b>\$28,825</b>	<b>\$28,825</b>	<b>-</b>
<b>Expenses:</b>				
Labor:				
	<b>RTA Admin Staff</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>-</b>
Administrative:				
	Agenda production:	\$750	\$ 750	-
	Postage	\$125	\$125	-
	Audit	\$4,000	\$4,000	-
	Legal Notices	\$3,500	\$3,500	-
	Customer Comment Card	\$0	\$0	-
	Website Admin	\$1,000	\$1,000	-
	Board meeting stipends	\$450	\$ 450	-
	<b>Subtotal Administration</b>	<b>\$9,825</b>	<b>\$ 9,825</b>	<b>-</b>
Legal:				
	<b>Legal Services</b>	<b>\$5,000</b>	<b>\$ 5,000</b>	<b>-</b>
Insurance:				
	<b>Insurance</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>-</b>
	<b>TOTAL EXPENSES</b>	<b>\$28,825</b>	<b>\$28,825</b>	<b>-</b>
	<b>CASH ADDED TO RESERVES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>-</b>

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Monterey-Salinas Transit Corporation  
Administrative Office  
19 Upper Ragsdale Drive, Suite #200  
Monterey, CA 93940



In re: TAXICAB DRIVER WORKERS' COMPENSATION INSURANCE

Yellow Cab Company under your jurisdiction does not provide workers' compensation insurance for its taxicab drivers. I find this regrettable.

In Santa Cruz Transportation, Inc. v. Unemployment Insurance Appeals Board (CUIABA) 235 CA 3d 1363; 1 Cal Rptr 2<sup>nd</sup> 641, for example, California's 6<sup>th</sup> Appellate Court ruled that drivers who operate under a taxicab company's permit to operate and pay the taxicab company a fixed fee to lease or otherwise operate a taxicab are common law employees of the company, and workers' compensation insurance is required. All the above pertains to Yellow Cab Company, which provides workers' compensation insurance for office workers but does not extend this basic and required protection to its taxicab drivers.

Your regulations provide that taxicab companies shall provide fleet insurance together with other requirements, yet the issue of taxicab driver workers' compensation insurance is amazingly not required, though the courts and Labor Commissioner steadfastly have held that it is required.

Since your requirements do not mandate that taxicab workers' compensation insurance is required and thereby you neglect to enforce it, then it must follow that Monterey-Salinas Transit incurs a vicarious liability and responsibility for any injury that may arise.

Hopefully, your agency that enforces compliance with basic rules and regulations will mandate that Yellow Cab Company be required to provide taxicab driver workers' compensation insurance. Hopefully, you will enforce compliance with this most basic labor law requirement.

Consider this a courteous and friendly request.

ANONYMOUS & CONCERNED

November 13, 2017

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