

AGENDA
PALOS VERDES PENINSULA TRANSIT AUTHORITY
REGULAR MEETING
JUNE 14, 2018
ROLLING HILLS ESTATES CITY HALL, 4045 Palos Verdes Drive North
Rolling Hills Estates, CA 90274

Time Estimates: The time noted next to an agenda item is only an estimate of the amount of time that will be spent during the meeting on that particular item. Accordingly, these estimates should not be relied on in determining when a matter will be heard, especially since agenda items are often re-ordered during a meeting and may be discussed at any time.

6:00 P.M. REGULAR SESSION

(5 mins) **CALL TO ORDER:**

ROLL CALL:

FLAG SALUTE:

CONFIRM POSTING OF THE AGENDA BY ROLLING HILLS ESTATES CITY CLERK:

PUBLIC COMMENTS: (All matters listed under the Consent Calendar are considered to be routine and will be enacted by one vote. There will be no discussion of these items unless members of the Board request specific items to be removed from the Consent Calendar for separate action.

(5 mins) **APPROVAL OF CONSENT CALENDAR:**

1. Register of Standing demands and Previously Authorized demands under Resolution 94/95-01 and per attached listing:

Page 4

	Checks	Amount
January-May	6022-6104	\$766,302.74
TOTAL		\$766,302.74

If you need special assistance to participate in an Authority meeting under the Americans with Disabilities Act (ADA) or as a person with limited English proficiency (LEP) under Executive Order 13166, please contact the Secretary (310-544-7108) with request for reasonable accommodation at least forty-eight hours prior to the meeting.

2. Approval of February 22, 2018 Board Minutes

Page 7

Recommendation: Approve Consent Calendar items

(10 mins) **ADMINISTRATOR REPORT:**

(45 mins) **REGULAR BUSINESS:**

I. MONTHLY & REGULAR REPORTS

A. Operations Report

Page 10

1. Review of ridership data for the period ending 03/31/18

Recommendation: Receive and file report

B. Finance

1. Financial Statements as of March 31, 2018

Page 16

Recommendation: Receive and file statements.

2. Fiscal Year 2016-2017 Audit Report

Page 17

Recommendation: Approve FY 2017 Audit Report

3. 2018-19 Budget

Page 50

OPEN PUBLIC HEARING

Staff presentation on Fiscal Year 2018-19 Budget

CLOSE PUBLIC HEARING

Recommendation: Adopt Fiscal Year 2018-19 Budget, setting service levels and fares.

II. NEW BUSINESS

A. Agreement with MV Transportation

Page 55

Recommendation: Amendment Number #1

B. Capital Improvement Program

Page 61

Recommendation:

Approve purchase of one (1) bus from Creative Bus Sales

III. OLD BUSINESS

- A. Service to Ft. MacArthur
Recommendation: Provide Direction to Staff

Verbal

(5 mins) **FUTURE AGENDA ITEMS:** (This section of the agenda is designated for individual Board Members to request that an item be placed on a future PVPTA meeting agenda.)

(10 mins) **CHAIR AND MEMBER ITEMS REPORT:**

- A. PVPUSD Update
- B. Meeting Schedule

Verbal
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ADJOURNMENT: Rolling Hills Estates City Hall, July 26, 2018

Palos Verdes Peninsula Transit Authority
Checks Written for Month
 January through May 2018

Jan - May 18

Date	Num	Name	Memo	Original Amount	Paid Amount
01/11/2018	eft	Superior Press Printing	Deposit Slips	-38.68	-38.68
01/18/2018	6022	Administrative Services Co-Op	Dial-A-Ride Service, December 2018	-12,562.68	-12,562.68
01/18/2018	6023	AT&T	Account No. 0206360576001	-80.91	-80.91
01/18/2018	6024	CKG Communications	Marketing	-225.00	-225.00
01/18/2018	6025	Clean Energy	CNG Fuel, December 2017	-10,848.60	-10,848.60
01/18/2018	6026	County Sanitation Districts of LA County	February 2018	-7,287.67	-7,287.67
01/18/2018	6027	Frontier Communications7108	310 544-7108-062795-5	-282.51	-282.51
01/18/2018	6028	Mutual Liquid Gas & Equipment Co., Inc.	Propane Fuel (December 2017)	-2,206.53	-2,206.53
01/18/2018	6029	MV Transportation, Inc.	Fixed Route bus service	-80,397.51	-80,397.51
01/18/2018	6030	PinneyBowes Global Financial Services	Postage Meter	-285.99	-285.99
01/18/2018	6031	Wells Fargo	Acct 4484610008047386	-1,439.69	-1,439.69
01/18/2018	6032	Xerox	Account 719892051	-318.05	-318.05
01/23/2018	6033	John Joseph	Reimbursement for monitor purchase at Best Buy	-93.59	-93.59
01/31/2018	6034	Mobility Advancement Group	Administrative Services for January 2018	-17,455.36	-17,455.36
02/20/2018	6035	Tina Rebojio	Dial-A-Ride Refund	-120.00	-120.00
02/20/2018	6036	Koji and Hisge Okamoto	Dial-A-Ride Refund	-48.00	-48.00
02/20/2018	6037	Administrative Services Co-Op	Dial-A-Ride Service, January 2018	-14,786.43	-14,786.43
02/20/2018	6038	AT&T	Account No. 0206360576001	-127.42	-127.42
02/20/2018	6039	County Sanitation Districts of LA County	Parking Lot Lease	-8,162.19	-8,162.19
02/20/2018	6040	Darold D. Pieper	Invoice 20260 and 20274	-175.00	-175.00
02/20/2018	6041	Frontier Communications7108	310 544-7108-062795-5	-44.55	-44.55
02/20/2018	6042	Gayle Albin-Bailey	Fixed Route Transit Service	-975.00	-975.00
02/20/2018	6043	Macias Gini & O'Connell, LLP	FYE June 30, 2017 Audit	-11,842.50	-11,842.50
02/20/2018	6044	Mutual Liquid Gas & Equipment Co., Inc.	Propane Fuel, January 2018	-3,527.43	-3,527.43
02/20/2018	6045	MV Transportation, Inc.	Fixed Route Transit Service	-120,838.09	-120,838.09
02/20/2018	6046	Office Depot	Account 34585368	-119.44	-119.44
02/20/2018	6047	PC Patriot	Computer Repairs	-37.50	-37.50
02/20/2018	6048	Q Document Solutions Inc.	Software upgrade	-175.00	-175.00
02/20/2018	6049	ReadyRefresh by Nestle	Account 0024293722	-83.64	-83.64
02/20/2018	6050	Ryan Press	Printing Services	-95.64	-95.64
02/20/2018	6051	White Wings Cleaning Service	Office Cleaning	-110.00	-110.00
02/20/2018	6052	Xerox	Account 719892051	-296.90	-296.90

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Palos Verdes Peninsula Transit Authority

Checks Written for Month

January through May 2018

Date	Num	Name	Memo	Original Amount	Paid Amount
02/27/2018	6053	Mobility Advancement Group	Administrative Services for February 2018	-17,348.75	-17,348.75
03/20/2018	6054	Min Ja Park	Dial-A-Ride Refund	-66.00	-66.00
03/20/2018	6055	Administrative Services Co-Op	February 2018 Dial-A-Ride Service	-13,965.99	-13,965.99
03/20/2018	6056	AT&T	Account No. 0206360576001	-96.16	-96.16
03/20/2018	6057	County Sanitation Districts of LA County	April 2018	-7,506.30	-7,506.30
03/20/2018	6058	Frontier Communications7108	310 544-7108-062795-5	-363.28	-363.28
03/20/2018	6059	Mutual Liquid Gas & Equipment Co., Inc.	Propane Fuel, February 2018	-2,882.37	-2,882.37
03/20/2018	6060	MV Transportation, Inc.	Fixed Route Bus Service, February 2018	-113,566.52	-113,566.52
03/20/2018	6061	Outfront Media	Marketing	-5,000.00	-5,000.00
03/20/2018	6062	PC Parlor	VOID:	0.00	0.00
03/20/2018	6063	Purchase Power	Acct. 8000-9090-0212-1536	-790.35	-790.35
03/20/2018	6064	Q Document Solutions Inc.	Software	-183.46	-183.46
03/20/2018	6065	ReadyRefresh by Nestle	Account 0024293722	-24.06	-24.06
03/20/2018	6066	White Wings Cleaning Service	Office Cleaning	-110.00	-110.00
03/20/2018	6067	Xerox	Account 719892051	-320.25	-320.25
03/27/2018	6068	Clean Energy	Invoice CE12062715 & CE12056182	-30,143.12	-30,143.12
03/27/2018	6069	Mobility Advancement Group	Administrative Services for March 2018	-17,348.75	-17,348.75
03/27/2018	6070	Palos Verdes On the Net	First Quarter FY 2018 Web Page Services	-1,300.00	-1,300.00
04/19/2018	6071	Administrative Services Co-Op	Dial-A-Ride Service, March 2018	-15,424.82	-15,424.82
04/19/2018	6072	AT&T	Account No. 0206360576001	-85.59	-85.59
04/19/2018	6073	CKG Communications	Marketing	-325.00	-325.00
04/19/2018	6074	Clean Energy	CNG Fuel, March 2018	-16,278.78	-16,278.78
04/19/2018	6075	County Sanitation Districts of LA County	May 2018	-7,506.30	-7,506.30
04/19/2018	6076	Frontier Communications7108	310 544-7108-062795-5	-310.45	-310.45
04/19/2018	6077	Macias Gini & O'Connell. LLP	FYE June 30, 2017 Audit	-5,045.00	-5,045.00
04/19/2018	6078	Mutual Liquid Gas & Equipment Co., Inc.	Propane Fuel, March 2018	-4,327.99	-4,327.99
04/19/2018	6079	MV Transportation, Inc.	Fixed Route Service	-129,702.56	-129,702.56
04/19/2018	6080	Office Depot	Account 34585368	-98.52	-98.52
04/19/2018	6081	PinneyBowes Global Financial Services	Postage Meter	-285.99	-285.99
04/19/2018	6082	Postmaster	Postal Box 2656	-160.00	-160.00
04/19/2018	6083	PVPUUSD	Utilities	-999.98	-999.98
04/19/2018	6084	Wells Fargo	Acct 448461008047386	-584.21	-584.21
04/19/2018	6085	White Wings Cleaning Service	Office Cleaning	-110.00	-110.00

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Palos Verdes Peninsula Transit Authority Checks Written for Month

January through May 2018

Date	Num	Name	Memo	Original Amount	Paid Amount
04/19/2018	6086	Xerox	Account 719892051	-346.11	-346.11
04/19/2018	6087	Miriam and Harvey Goldberg	Dial-A-Ride Refund	-216.00	-216.00
04/19/2018	6088	Tina Rebogio	Dial-A-Ride Refund	-126.00	-126.00
04/27/2018	6089	Mobility Advancement Group	Administrative Services for April 2018	-17,345.87	-17,345.87
05/17/2018	6090	Administrative Services Co-Op	Dial-A-Ride Service, April 2018	-15,102.88	-15,102.88
05/17/2018	6091	AT&T	Account No. 0206360576001	-144.18	-144.18
05/17/2018	6092	Clean Energy	CNG Fuel, April 2018	-13,468.75	-13,468.75
05/17/2018	6093	County Sanitation Districts of LA County	June 2018	-7,506.30	-7,506.30
05/17/2018	6094	Frontier Communications7108	310 544-7108-062795-5	-261.94	-261.94
05/17/2018	6095	Gayle Albin-Bailey	Bookkeeping Service	-600.00	-600.00
05/17/2018	6096	Mutual Liquid Gas & Equipment Co., Inc.	Propane Fuel, April 2018	-3,252.35	-3,252.35
05/17/2018	6097	Outfront Media	Marketing	-2,500.00	-2,500.00
05/17/2018	6098	PitneyBoves Global Financial Services	Postage Meter	-32.00	-32.00
05/17/2018	6099	ReadyRefresh by Nestle	Account 0024293722	-12.03	-12.03
05/17/2018	6100	Wells Fargo	Acct 4484610008047386	-147.55	-147.55
05/17/2018	6101	White Wings Cleaning Service	Office Cleaning	-110.00	-110.00
05/17/2018	6102	Xerox	Account 719892051	-335.36	-335.36
05/17/2018	6103	Steve Goldstein	Dial-A-Ride Refund	-90.00	-90.00
05/30/2018	6104	Mobility Advancement Group	Administrative Services for May 2018	-17,357.37	-17,357.37
				-766,302.74	-766,302.74

Jan - May 18

**MINUTES
PALOS VERDES PENINSULA TRANSIT AUTHORITY**

Thursday, February 22, 2018

The meeting was called to order at 6:10 p.m. by Chairperson Duhovic at Rolling Hills Estates City Hall, 4045 Palos Verdes Drive North Rolling Hills Estates, CA 90274

REGULAR SESSION:

Board roll call was answered as follows:

PRESENT: Betty Lin Peterson, PVE; Jerry Duhovic, RPV; Steve Zuckerman, RHE.

ABSENT: Sanford Davidson, PVE, Eric Alegria, RPV; Judy Mitchel, RHE

Also present were Martin Gombert, PVPTA; Greg Grammer, RHE; Ken Rukavina, PVE; Elias Sassoon, RPV.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Zuckerman.

CONFIRM POSTING OF THE AGENDA BY ROLLING HILLS ESTATES CITY CLERK

City of Rolling Hills Estates confirmed the posting of the Authority Agenda.

APPROVAL OF CONSENT CALENDAR (1-4):

Member Zuckerman moved approval of the Consent Calendar, seconded by Member Peterson.

The motion passed on the following roll call vote:

AYES: Duhovic, Peterson, Zuckerman

NOES: None

ABSENT: Alegria, Mitchel

PUBLIC COMMENTS: (Audience Comments regarding Items not on the Agenda)

None

MONTHLY AND REGULAR REPORTS

ADMINISTRATOR REPORT

Administrator Gombert reviewed several items including the CHP Terminal maintenance inspection, Metro Silver Streak Bus advertising, FY 2018 budget items, proposed Zero Emission bus regulations, Authority capital replacement plan, and request by MV Transportation for a rate adjustment due to the increase in the state minimum wage.

There was discussion on on-time performance and a request to survey parents on schedule times via the PVPUSD.

MONTHLY AND REGULAR REPORTS:

A.1 Operations Report: Mr. Gombert presented the Operations Report and there were several questions by Board Members.

Member Zuckerman moved approval of the Operations Report, seconded by Member Peterson.

The motion passed on the following roll call vote:

AYES: Duhovic, Peterson, Zuckerman
NOES: None
ABSENT: Alegria, Mitchel

B.1 Financial Report: Mr. Martin Gombert, Administrator presented the First Quarter FY '18 financial report. He said the 2nd Quarter report would be distributed shortly. He also updated the Board on the annual audit schedule.

The motion passed on the following roll call vote:

AYES: Duhovic, Peterson, Zuckerman
NOES: None
ABSENT: Alegria, Mitchel

NEW BUSINESS

Transit Passes for Military Dependents

Administrator Gombert introduced Mr. John Joseph, Office Manager who gave an update on the program. Joseph reviewed the outreach to the Fort MacArthur housing facility and at the Los Angeles Air Force Base. There was considerable discussion and staff indicated that the Board would receive an update at the following meeting.

FUTURE AGENDA ITEMS

None

CHAIR AND MEMBER ITEMS

Election of Officers

Member Zuckerman moved to accept the following slate of offices for calendar year 2018:

Mr., Steve Zuckerman, Chairperson
Ms., Betty Lin Peterson, Vice Chairperson
Ms. Jerry Duhovic, Secretary Treasurer

ADJOURNMENT

At 7:12 p.m. Chairperson Zuckerman moved to adjourn the Board Meeting until April 26, 2018.

Respectfully submitted:

Martin Gombert, Administrator

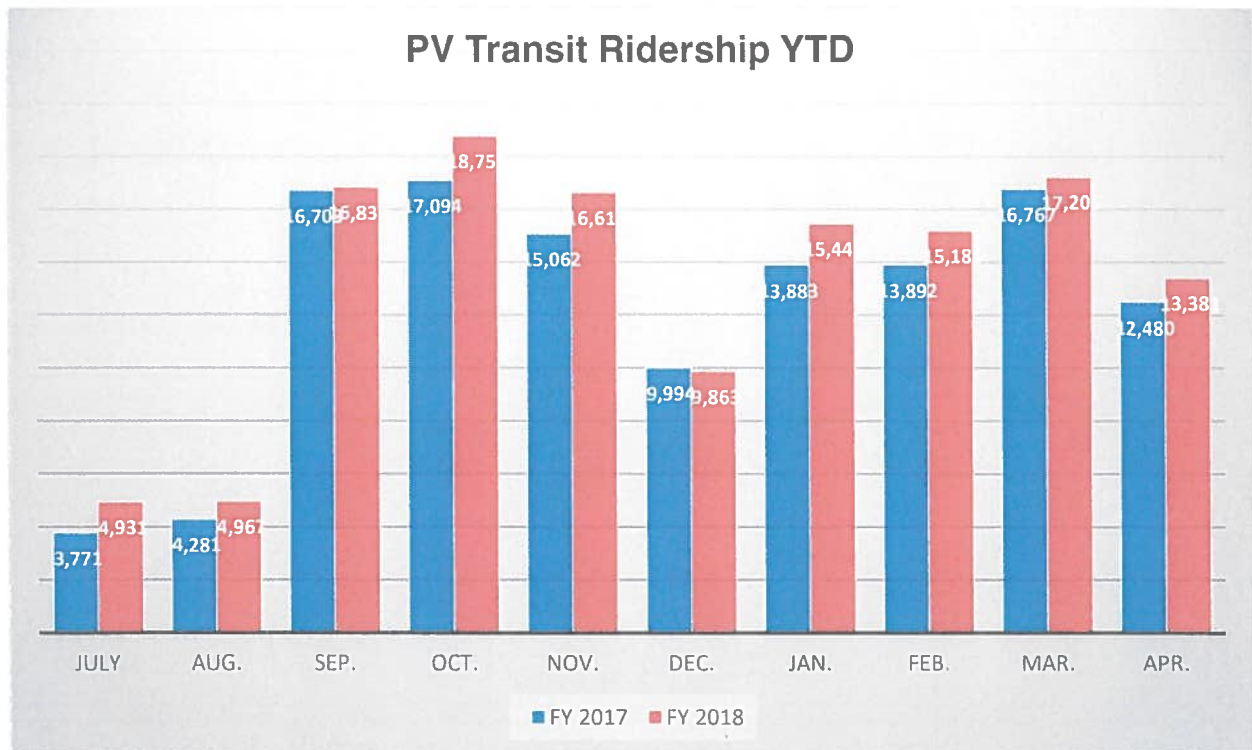
MEMORANDUM

TO: AUTHORITY MEMBERS
FROM: Martin Gombert, Administrator
DATE: June 10, 2018
SUBJECT: Operations Report for the period ending April 30, 2018

PV TRANSIT

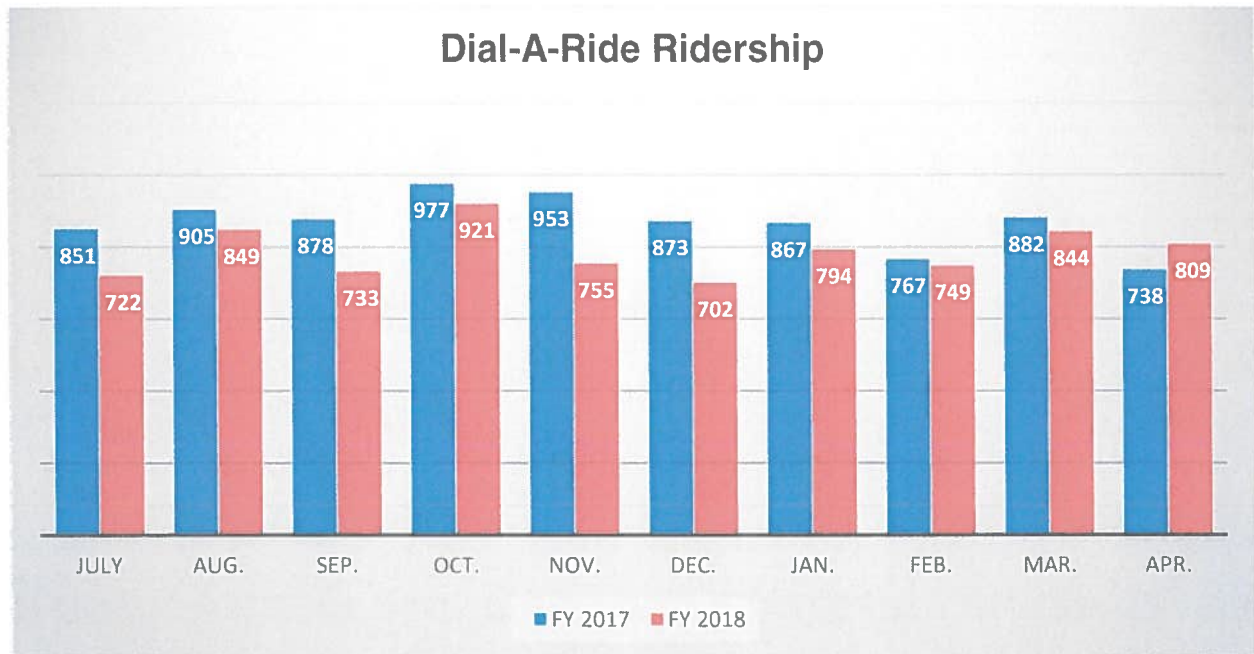
PV Transit ridership totaled 133,785 through April 30, 2018, a 7% increase over previous years totals.

Copies of ridership graphs for all seven routes are included at the end of this report.



DIAL-A-RIDE

Dial-A-Ride ridership totaled 7,878 for the period ending April 30, 2018, an 9% decrease over previous year's totals. Dial-A-Ride ridership can fluctuate considerably if heavy users (dialysis patients) are added or removed from the program.



GOVERNMENT RELATIONS

During the past three months staff has attended meetings of Metro's Local Transit Service Subcommittee (LTSS), Access Services Board Meetings, and Metro's Bus Operations Subcommittee (BOS).

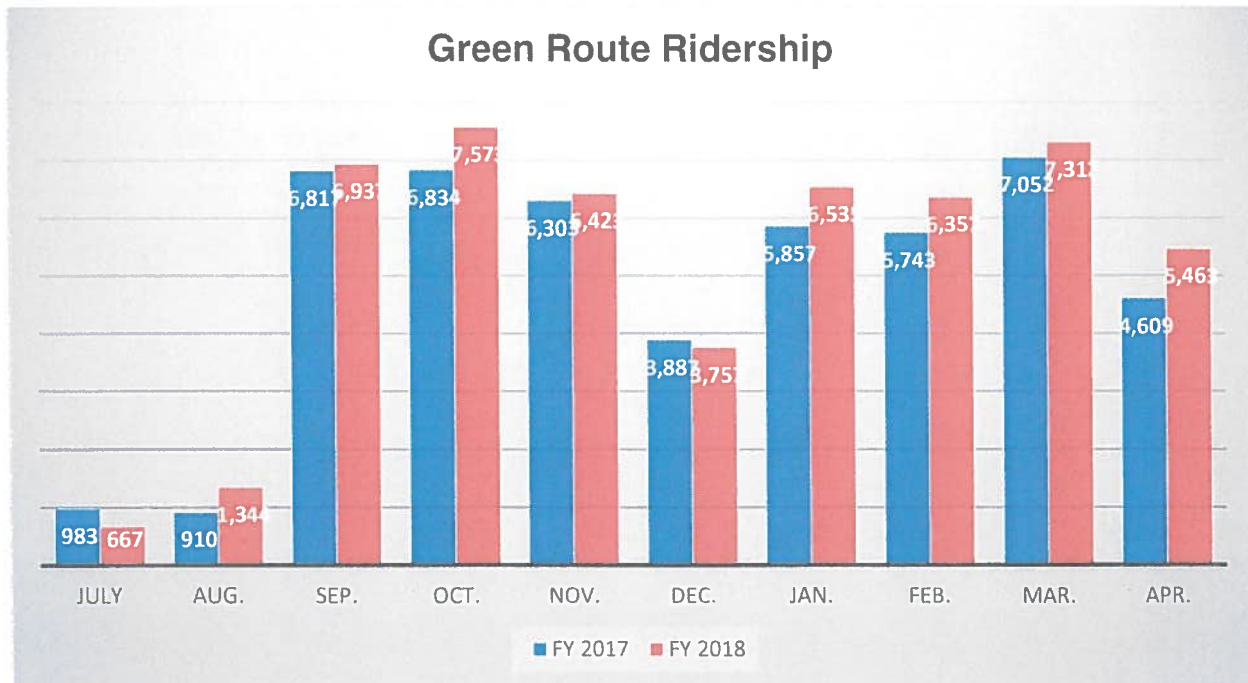
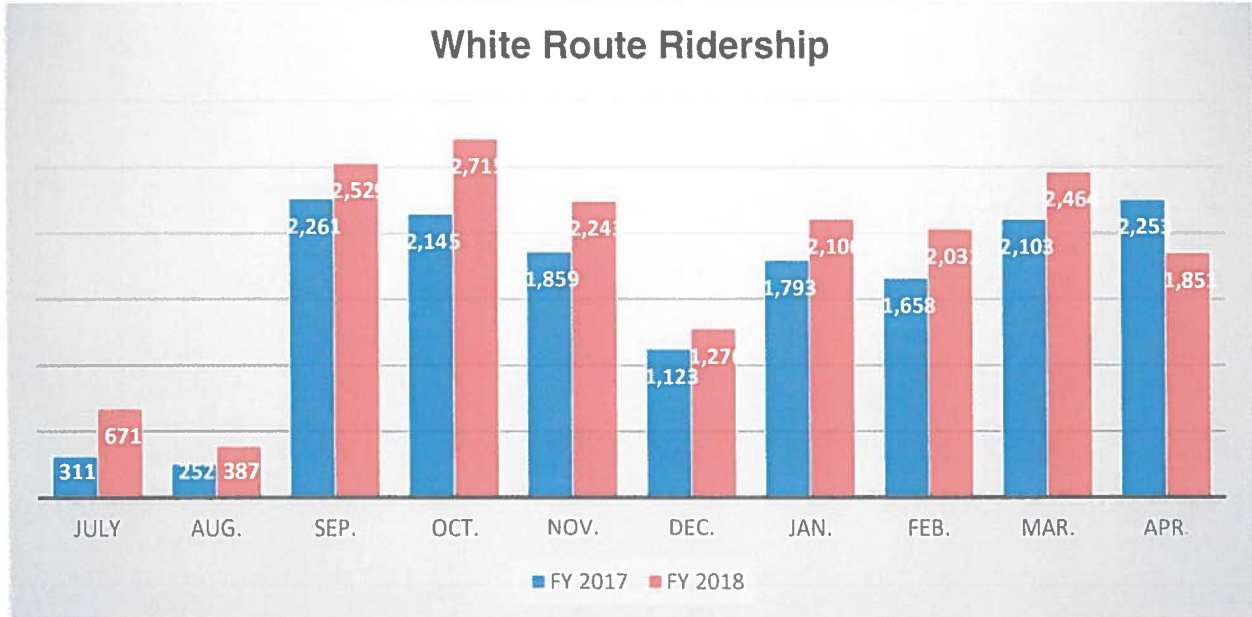
PV Transit has operated several special services for local agencies include the Whale of a Day event in April, PV Street Fair on June 9th and 10th, and we are scheduled to operate a shuttle for Chadwick School on June 16th.

PVPUSD will be having registration online this year. All intermediate schools are scheduling open houses for parents and students. PV Transit will have representatives at all of these events to provide transit information.

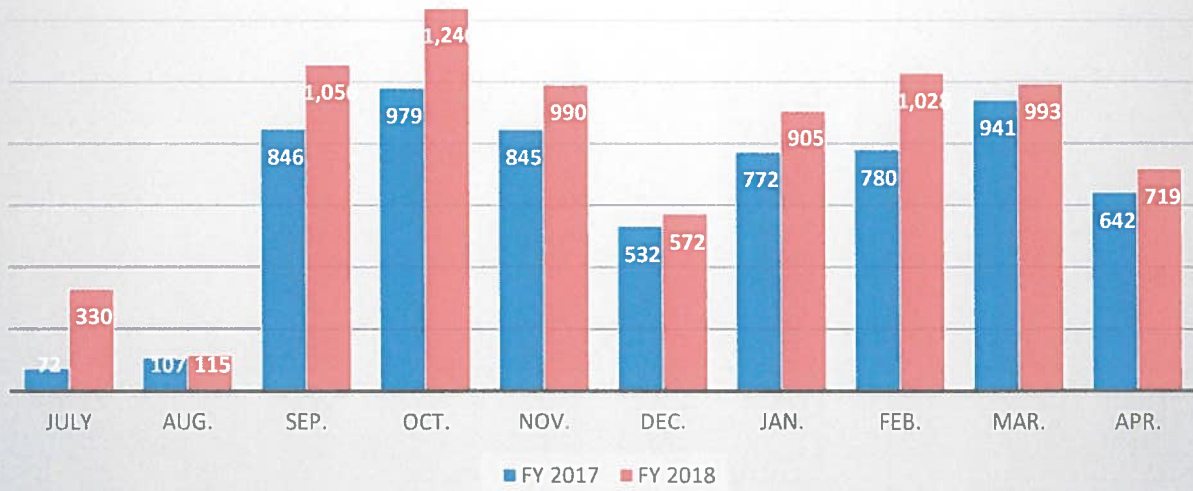
RECOMMENDATION

Receive and file report.

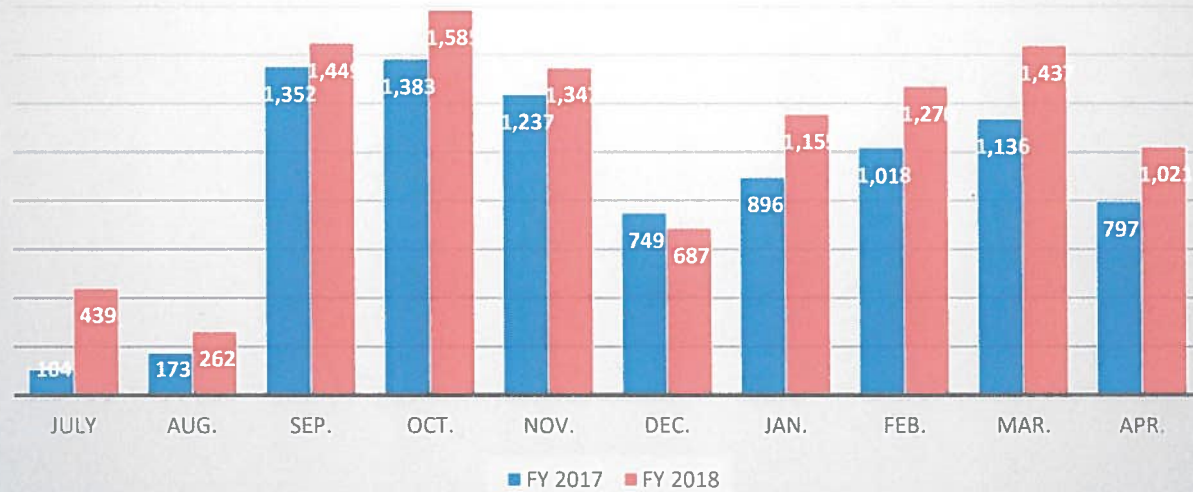
RIDERSHIP REPORTS



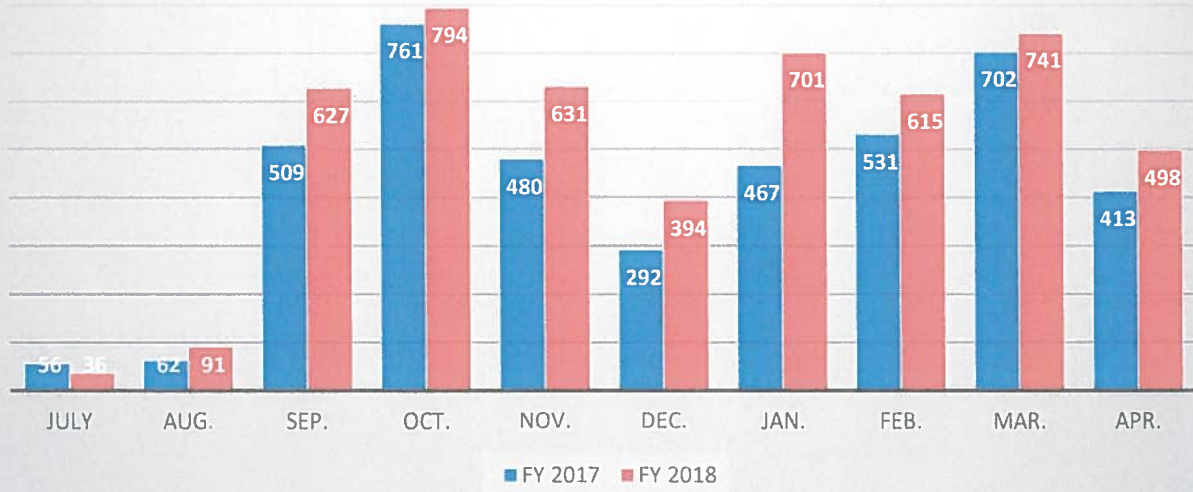
Silver Route Ridership



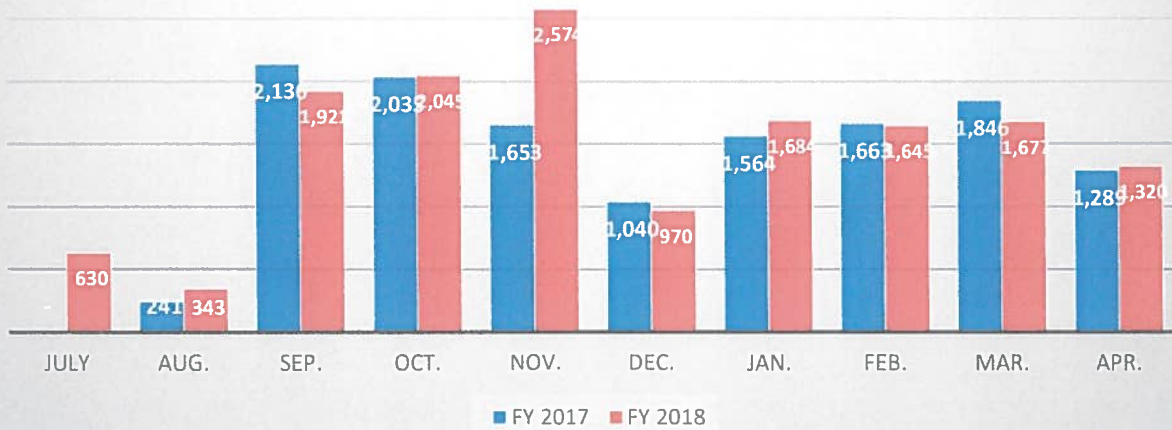
Blue Route Ridership



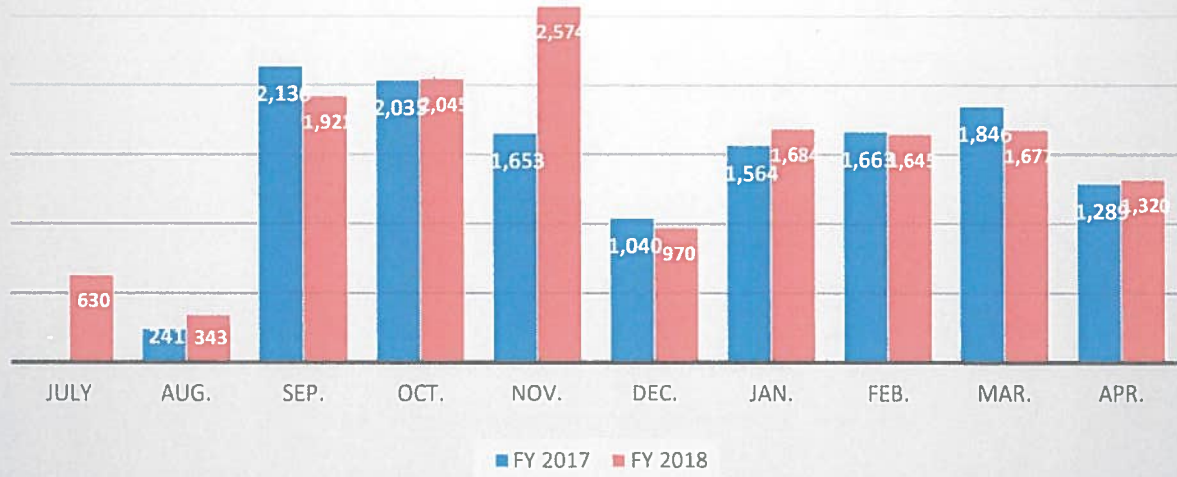
Gold Route Ridership



Orange Route Ridership



Orange Route Ridership



MEMORANDUM

TO: AUTHORITY MEMBERS
FROM: Martin Gombert, Administrator
DATE: June 10, 2018
SUBJECT: Financial Statements for the period ending March 31, 2018

This report will be provided under separate cover.

MEMORANDUM

TO: AUTHORITY MEMBERS
FROM: Martin Gombert, Administrator
DATE: June 10, 2018
SUBJECT: Fiscal Year 2016-2017 Audit Report

BACKGROUND

Fiscal Year 2016-17 Audit

A copy of the draft audit report is attached. The final audit report will be distributed at the June 14, 2018 meeting.

RECOMMENDATION

Receive and file the audit report.

**PALOS VERDES PENINSULA
TRANSIT AUTHORITY**

Annual Financial Report

For the Years Ended June 30, 2017 and 2016

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PALOS VERDES PENINSULA TRANSIT AUTHORITY
Annual Financial Report
For the Years Ended June 30, 2017 and 2016

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25

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Independent Auditor's Report

To the Board of Directors of the
Palos Verdes Peninsula Transit Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Palos Verdes Peninsula Transit Authority (the Authority) as of and for the years ended June 30, 2017 and 2016, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 2016, 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 responses 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary Schedules of Revenues and Expenses by Category is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedules of Revenues and Expenses by Category is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Revenues and Expenses by Category is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **April 20, 2018**, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Los Angeles, California
April 20, 2018

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2017 and 2016

This section of the financial report presents our discussion and analysis of the Authority's financial performance for the fiscal years ended June 30, 2017 and 2016 and should be read in conjunction with the Authority's financial statements that begin on page XX. Descriptions and other details pertaining to the Authority are included in the notes to the financial statements (Notes). A reference to the Notes is indicated where applicable.

OVERVIEW OF THE FINANCIAL REPORT

The Authority's financial statements are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) practiced in the United States of America.

This financial report consists of management's discussion and analysis (MD&A) and the Authority's financial statements, which include the accompanying notes to the Authority's financial statements.

The *statement of net position* presents information on the Authority's assets and liabilities. The Authority's total assets minus total liabilities results in the Authority's *net position*. Net position indicates the net worth of the Authority. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position*, present information that shows how the Authority's net position changed between the past three fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The *statement of cash flows* presents the cash provided and used by operating activities, as well as other cash sources and uses, including but not limited to, investment income, and capital assets additions.

The Management's Discussion and Analysis (MD&A) presents the financial position, highlights, and analysis of the Authority in a Condensed Statement of Net Position (Table I) and Condensed Statement of Revenues, Expenses and Change in Net Position (Table II), followed by an analysis of significant changes in major accounts of the Authority.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Table 1 – Condensed Statements of Net Position

	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Current assets	\$ 1,952,908	\$ 1,910,886	\$ 1,389,326
Capital assets, net of depreciation	1,200,893	1,323,306	1,714,434
TOTAL ASSETS	<u>3,153,801</u>	<u>3,234,192</u>	<u>3,103,760</u>
LIABILITIES			
Current liabilities	127,798	330,226	164,943
TOTAL LIABILITIES	<u>127,798</u>	<u>330,226</u>	<u>164,943</u>
NET POSITION			
Net investment in capital assets	1,200,893	1,323,306	1,714,434
Unrestricted	1,825,110	1,580,660	1,224,383
TOTAL NET POSITION	<u>\$ 3,026,003</u>	<u>\$ 2,903,966</u>	<u>\$ 2,938,817</u>

Table II – Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPERATING REVENUES			
Charges for services	\$ 346,432	\$ 345,337	\$ 334,666
Route 225/226 operating support	610,261	609,076	609,076
Governmental Sources	32,200	32,000	\$ 32,200
Other operating revenues	-	-	4,300
TOTAL OPERATING REVENUES	<u>988,893</u>	<u>986,413</u>	<u>980,242</u>
OPERATING EXPENSES			
Operations and maintenance	1,943,772	1,929,718	2,064,117
Depreciation	366,924	391,128	388,430
Other operating expenses	114,660	108,401	89,977
TOTAL OPERATING EXPENSES	<u>2,425,356</u>	<u>2,429,247</u>	<u>2,542,524</u>
OPERATING INCOME	<u>(1,436,463)</u>	<u>(1,442,834)</u>	<u>(1,562,282)</u>
NONOPERATING REVENUES (EXPENSES)			
Non-operating revenues	2,060,642	1,497,983	1,739,448
Non-operating expenses	(502,142)	(90,000)	(281,250)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>1,558,500</u>	<u>1,407,983</u>	<u>1,458,198</u>
CHANGE IN NET POSITION	122,037	(34,851)	(104,084)
NET POSITION, BEGINNING OF YEAR	<u>2,903,966</u>	<u>2,938,817</u>	<u>3,042,901</u>
NET POSITION, END OF YEAR	<u>\$ 3,026,003</u>	<u>\$ 2,903,966</u>	<u>\$ 2,938,817</u>

PALOS VERDES PENINSULA TRANSIT AUTHORITY
 Management's Discussion and Analysis (Unaudited) (Continued)
 For the Years Ended June 30, 2017 and 2016

Assets

Current Assets

Total current assets increased by \$42,022 or 2.2%, compared to 2016, primarily due to an increase in amounts due from other governments resulting from increased funding arrangements, offset by a decrease in cash and cash equivalents available as of June 30, 2017. Total current assets increased by \$521,560 or 37.5%, compared to 2016, primarily as the result of quicker reimbursement for support funding from member agencies.

Capital Assets

The Authority's non-current assets consist mainly of capital assets, which are comprised mostly of twenty-four transit vehicles used in operations. The Authority's capital assets net book value as of June 30, 2017 was \$1,200,893, a 9.3% decrease compared to the prior year, and depreciation expense was \$366,924 for the year ended June 30, 2017. The Authority's capital assets net book value as of June 30, 2016 was \$1,323,306, a 22.8% decrease compared to the prior year, and depreciation expense was \$391,128 for the year ended June 30, 2017. The total net book value declined over the past two fiscal years as the Authority's fleet aged and more vehicles became fully-depreciated, and replacements were purchased at a slower rate.

The Authority replaces vehicles on a regular basis to reduce operating costs and ensure service reliability. The Federal Transit Administration's (FTA) guidelines for vehicle lifespan are a useful tool in estimating when to replace transit vehicles.

Vehicle Type	Yrs of Service	Max. Mileage	# in PV Fleet
Large Buses	12	500,000	3
Medium Bus	10	350,000	1
Medium, Light-Duty	5	150,000	20

Historically the Authority has operated light-duty buses to approximately 200,000 miles before replacement. The Authority maintains a bus replacement schedule that's updated annually to determine vehicle replacement needs in coming years. An estimated nine vehicles will be replaced between FY 2019 and FY 2023.

Liabilities and Net Position

Long-Term Debt

The Authority has no long-term debt outstanding as of June 30, 2017 and 2016, respectively.

Authority Net Position

The Authority's net position increased in Fiscal Year 2017 primarily due to a larger Proposition A Fund Exchange agreement entered into during the year compared to 2016. The Authority's net position decreased in Fiscal Year 2016 primarily due to a smaller Proposition A Fund Exchange agreement entered into during the year compared to 2015.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Revenues, Expenses and Changes in Authority Net Position

Operating Revenues

The Authority recovers the cost of transit operations and capital expenses through passenger fares and local government contributions. The five components of revenue sources are:

Passenger Fares: The PVPTA fixed route service charges the following fees for service: adult cash fare \$2,50, Senior & Disabled Cash fare \$1,00, Monthly Pass \$79, Semester Pass \$295, and Annual Pass \$590.

The PVPTA dial-a-ride services charges customers \$6 for a one-way trip on the Peninsula and \$12 for a one-way trip to surrounding cities for medical trips.

Member Contributions: The PVPTA receives contributions for the three-member agencies. This contribution level was set in 1992 based on population. Member contributions come from different transportation funding sources including Local Return Funds administered by the Los Angeles County Metropolitan Transportation Authority (Proposition A, C, Measure R, Measure M) and South Coast Air Quality Management (SCAQMD) subvention funds. Contribution levels generally increase annually at the rate of increase in local return funds.

Los Angeles County Department of Public Works (DPW): The PVPTA receives two sources of funding from the DPW. \$32,200 is received annually for the operation of fixed route and dial-a-ride service in the unincorporated area of the Palos Verdes Peninsula (Academy Hills). \$376,000 is an annual contribution from the District 4 supervisor.

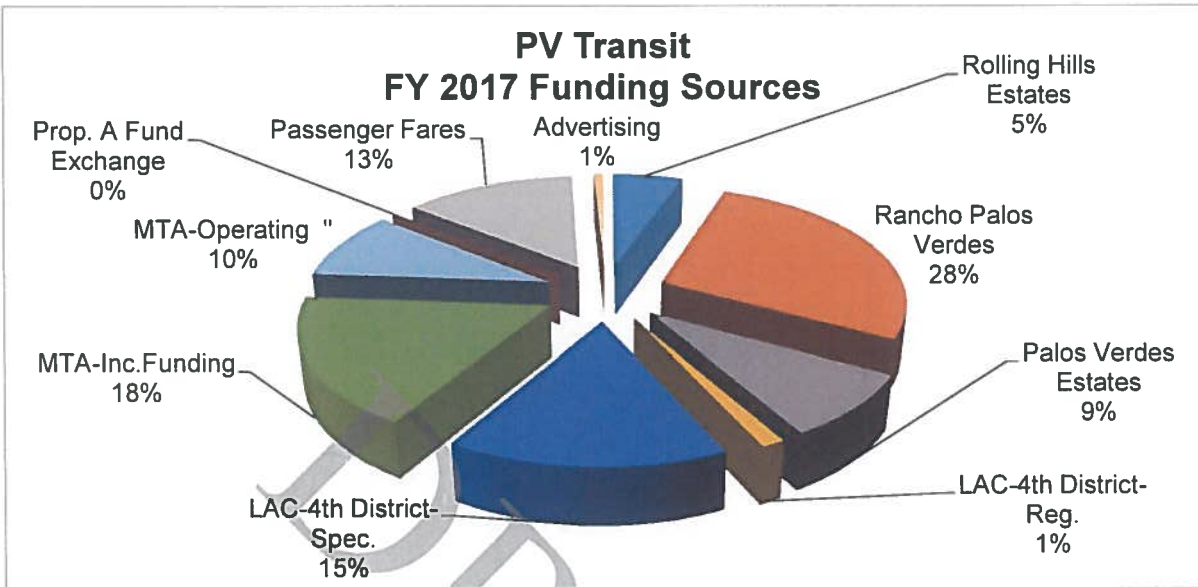
Los Angeles County Metropolitan Transportation Authority (Metro) Proposition A Incentive Fund: The PVPTA receives \$428,017 annually from Metro's Proposition A Incentive Fund. Funding is provided to dial-a-ride systems that provide service to multiple jurisdictions. The program is designed to reward agencies that combine their services, and hopefully lower operating costs. Since the PVPTA was originally a general public dial-a-ride system until 1994, the Authority has been "grandfathered" into this funding source.

Los Angeles County Metropolitan Transportation Authority (Metro) Route 225-226 Operating Funds: In June 2006 the Authority assumed operation of Metro's Route 225-226 and has received annual operating funding since this time. The current operating agreement, which expires in 2020, provides \$233,076 in annual funding to the Authority.

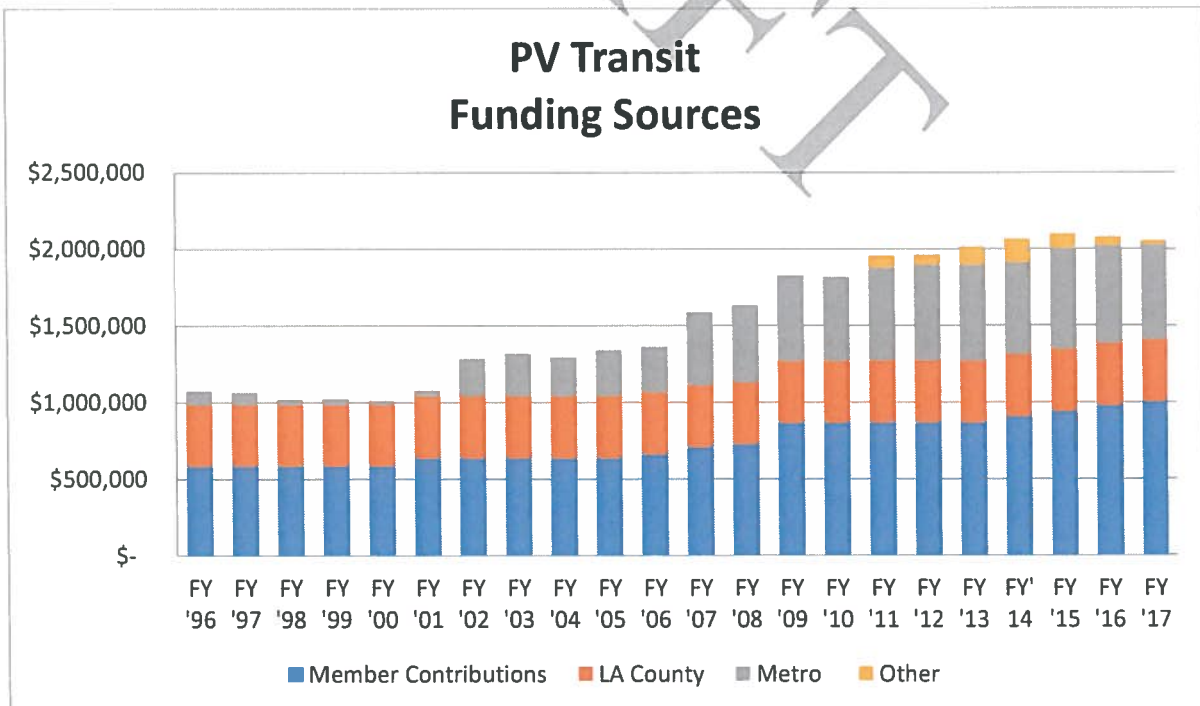
Proposition A Fund Exchange: Over the past five years the PVPTA has entered into Proposition A Fund Exchanges Agreements with the Cities of Bell, Cudahy, Hidden Hills, Rolling Hills and Palos Verdes Estates. The Authority exchanges fare revenue with each respective City in exchange for Proposition A funds. The Authority gains funds at the rate of \$0.75/\$1.00 and each respective City exchanges transit funds for general funds. The amount exchanged year-to-year is dependent on the amount of Proposition A funds made available by each respective City.

Miscellaneous Fee: These include interest revenue and advertising fees.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
 Management's Discussion and Analysis (Unaudited) (Continued)
 For the Years Ended June 30, 2017 and 2016



During the last twenty years the Authority has diversified its sources of funding. There has been a significant increase in funding from Metro (operating and incentive funding) as well as revenue generated by Proposition A Fund exchanges.

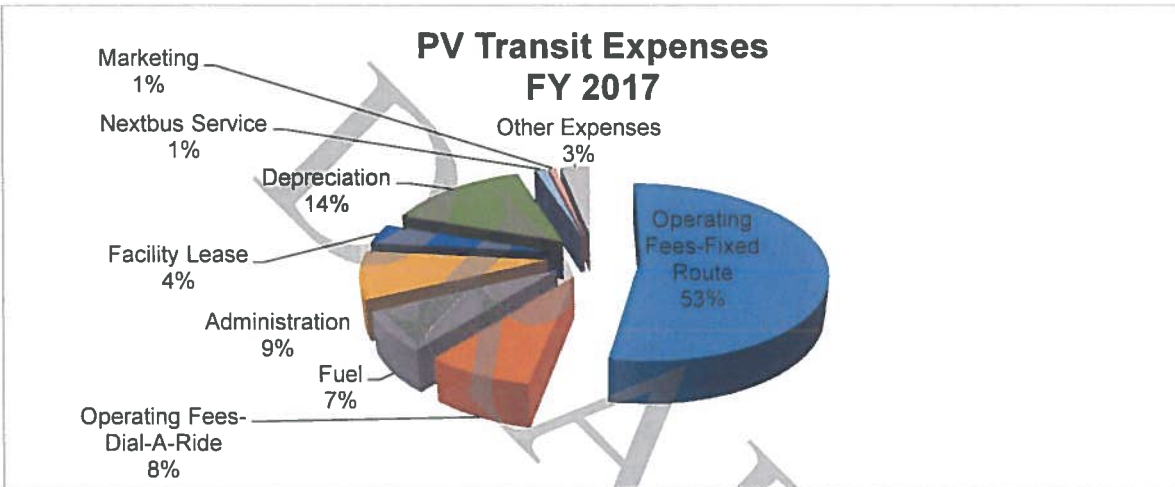


PALOS VERDES PENINSULA TRANSIT AUTHORITY
 Management's Discussion and Analysis (Unaudited) (Continued)
 For the Years Ended June 30, 2017 and 2016

Operating Expenses

The Authority's major operating expenses are for the operation of the fixed route and dial-a-ride transit service. Operating contracts with the fixed route and dial-a-ride contractors consists of sixty-one (61%) of total operating expenses. Expenses for fuel (compressed natural gas (CNG) and propane (LPG)) consists of 7% of total expenses.

The Authority's largest contract is with MV Transportation for the operation of fixed route service. This five-year contract extends through June 30, 2020 for a total contract value of \$6,773,067.



Total annual expenses are primarily based on the number of revenue hours operated in fixed route service. Operating hours have not changed in over five years, which has resulted in very moderate annual increases in operating costs; excluding depreciation with has reduced over the last two fiscal years as a result of assets maturing.

Non-operating Expenses

Non-operating expenses total 17.2% of total expenses. These expenses include contract administration, facility leases, and other expenses.

Unrestricted Net Position

The Authority's operating reserve at the end of 2017 was \$227,486 and the remaining unrestricted net position of \$1,597,624 is designated for vehicle replacement. The Authority's operating reserve at the end of 2016 was \$239,629 and the remaining unrestricted net position of \$984,754 is designated for vehicle replacement. The amount designated for vehicle replacement has increased \$612,870 over the past two fiscal years but is expected to be reduced over the next several years as vehicles are replaced. As noted in a previous section, the Authority has nine vehicles scheduled for replacement in the next five years.

Requests for Information

This financial report is designed to provide interested parties, public and private sector alike, with an overview of the Authority's financial operations and condition. If you have questions about this report or need additional information, you can contact the Authority's Administrator at 38 Crest Road West, Rolling Hills, CA 90274.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
 Statements of Net Position
 June 30, 2017 and 2016

	2017	2016
Assets:		
Current assets:		
Cash and cash equivalents	\$ 512,333	\$ 1,546,817
Due from other governments	1,364,703	289,546
Accounts receivable	27,532	15,656
Prepaid expenses	48,340	58,867
Total current assets	1,952,908	1,910,886
Capital assets, net of accumulated depreciation	1,200,893	1,323,306
Total assets	3,153,801	3,234,192
Liabilities:		
Accounts payable	124,644	328,164
Unearned revenue	3,154	2,062
Total liabilities	127,798	330,226
Net Position:		
Net investment in capital assets	1,200,893	1,323,306
Unrestricted	1,825,110	1,580,660
Total net position	\$ 3,026,003	\$ 2,903,966

See Accompanying Notes to the Basic Financial Statements.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	2017	2016
Operating revenues:		
Charges for services	\$ 346,432	\$ 345,337
Route 225/226 operating support	610,261	609,076
Governmental sources	32,200	32,000
Other operating revenues	-	-
Total operating revenues	988,893	986,413
Operating expenses:		
Operator fees	1,549,496	1,570,364
Contract administration	207,412	207,412
Depreciation	366,924	391,128
Fuel purchases	167,450	140,388
Marketing and promotions	19,414	11,554
Other operating expenses	114,660	108,401
Total operating expenses	2,425,356	2,429,247
Operating loss	(1,436,463)	(1,442,834)
Nonoperating revenues (expenses):		
Interest income	6,386	1,260
Prop A Incentive Funding-		
Metropolitan Transportation Authority	383,291	401,145
Member contributions	1,000,943	975,578
Other expense - City of Palos Verdes Estates Prop A Exchange	(502,142)	-
Other expense - City of Hidden Hills Prop A Exchange	-	(90,000)
Other income - City of Palos Verdes Estates Prop A Exchange	669,522	-
Other income - City of Hidden Hills Prop A Exchange	-	120,000
Gain on asset disposal	500	-
Total nonoperating revenues (expenses)	1,558,500	1,407,983
Change in net position	122,037	(34,851)
Net position, beginning of year	2,903,966	2,938,817
Net position, end of year	\$ 3,026,003	\$ 2,903,966

See Accompanying Notes to the Basic Financial Statements.

PALOS VERDES PENINSULA TRANSIT AUTHORITY

Statements of Cash Flows (Continued)

For the Years Ended June 30, 2016 and 2015

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from customers	\$ 326,678	\$ 336,471
Cash received from Route 225/226 operating support	395,423	609,076
Cash received from government agencies	32,000	32,200
Cash paid to suppliers of goods or services	<u>(2,250,333)</u>	<u>(1,907,306)</u>
Net cash used by operating activities	<u>(1,496,233)</u>	<u>(929,559)</u>
Cash flows from noncapital financing activities:		
County grants received	200,573	306,959
Member contributions received	1,000,943	1,073,999
Cash paid to City of Hidden Hills for Prop A exchange	-	(90,000)
Cash received from City of Hidden Hills for Prop A exchange	-	120,000
Cash paid to City of Palos Verdes Estates for Prop A exchange	<u>(502,142)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>699,374</u>	<u>1,410,958</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(244,511)	-
Cash received from disposal of capital asset	<u>500</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(244,011)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	<u>6,386</u>	<u>1,260</u>
Net cash provided by investing activities	<u>6,386</u>	<u>1,260</u>
Net decrease in cash	<u>(1,034,484)</u>	<u>482,659</u>
Cash and cash equivalents, beginning of year	<u>1,546,817</u>	<u>1,064,158</u>
Cash and cash equivalents, end of year	<u>\$ 512,333</u>	<u>\$ 1,546,817</u>

See Accompanying Notes to the Basic Financial Statements.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
 Statements of Cash Flows (Continued)
 For the Years Ended June 30, 2016 and 2015

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	\$ (1,436,463)	\$ (1,442,834)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	366,924	391,128
Changes in assets and liabilities:		
(Increase) in accounts receivable	(11,876)	(10,830)
(Increase) decrease in due from other governments	(222,917)	2,164
Decrease (increase) in prepaid expenses	10,527	(34,470)
(Decrease) increase in accounts payable	(203,520)	169,169
Increase (decrease) in unearned revenue	1,092	(3,886)
Net cash used by operating activities	<u>\$ (1,496,233)</u>	<u>\$ (929,559)</u>

See Accompanying Notes to the Basic Financial Statements.

PALOS VERDES PENINSULA TRANSIT AUTHORITY

Notes to the Basic Financial Statements
For the Years Ended June 30, 2017 and 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Palos Verdes Peninsula Transit Authority (Authority) was formed on May 5, 1992 under a Joint Powers Agreement (JPA) with three local city governments, which are considered members, to provide public transportation on the Palos Verdes Peninsula. The local cities consist of Rancho Palos Verdes, Rolling Hills Estates and Palos Verdes Estates. Under the JPA, the members of the Board of the Authority are elected city council members who are appointed by their respective city council. The Board is responsible for setting policies and the review of operating decisions made by management. The Authority is considered a governmental entity. The Authority has no employees and all services are contracted, which are recorded as operating activities.

(b) Basic Financial Statements

The basic financial statements (i.e. Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows) report information on all of the enterprise activities of the Authority.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority operates as an enterprise fund. Enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority are charges for services and revenues received from the Los Angeles County Metropolitan Transportation Authority (Route 225/226 operating support) for services provided on their behalf. Operating expenses of the Authority include the cost of services, administrative expenses and depreciation on capital assets. Nonoperating revenues are comprised primarily of Proposition A Incentive Funding from the Metropolitan Transportation Authority (MTA), member contributions, and Proposition A Local Return funds exchange with the City of Palos Verdes Estates through which the City assigns uncommitted Proposition A Local Return funds in exchange for Authority's general funds.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then use unrestricted resources as needed.

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements and related disclosures. Accordingly, actual results could differ from those estimates.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

(e) Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

Cash and cash equivalents includes amounts in demand deposits and Local Agency Investment Fund (LAIF).

For purposes of the statement of cash flows, cash equivalents include all pooled cash and investments, restricted cash and cash with fiscal agents with an original maturity of three months or less. The Authority considers the LAIF investment pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

2. Due From Other Governments

Due From Other Governments balance consists primarily of grant receivables from Los Angeles County Metropolitan Transportation Authority, participating cities and Los Angeles County Public Works. Total due from other governments balance is \$1,364,703 and \$289,546 as of June 30, 2017 and 2016, respectively.

3. Capital Assets

Capital assets are comprised of transportation equipment (vehicles) and leasehold improvements and are stated at cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000. Depreciation has been provided over the estimated useful lives ranging from 5 to 10 years using the straight-line method.

4. Net Position

Net position is classified in three categories: net investment in capital assets, restricted net position and unrestricted net position.

- Net investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments and constraints imposed by law through constitutional provisions and enabling legislation. The Authority had no restricted net position at June 30, 2017 and 2016.
- Unrestricted net position - This component represents the net position of the Authority that does not meet the definition of "restricted" or "net investment in capital assets" and is designated for tentative management plans that are subject to change.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

(f) *Reclassifications*

Certain accounts presented in the 2016 financial statements have been reclassified to be consistent with the current year's presentation. Such reclassification have no effect on the net position or change in net position as previously reported.

(g) *Effects of New Pronouncements*

The Authority adopted the following Governmental Accounting Standards Board (GASB) Statement for fiscal year 2017:

Issued in June 2015, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, this statement also clarifies the application of certain provisions of GASB Statement No. 68 with regard to the information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported. This statement has no impact on the Authority's financial statements.

Issued in June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support to OPEB provided to the employees of other entities. This statement has no impact on the Authority's financial statements.

Issued in August 2015, GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement has no impact on the Authority's financial statements.

Issued in December 2015, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68 associated with pensions provided through certain cost-sharing multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Such plans are not considered a state or local government pension plan and are used to provide benefits to both employees of state and local governments and employees of employers that are not state or local governments. This statement has no impact on the Authority's financial statements.

Issued in January 2016, GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement has no impact on the Authority's financial statements.

Issued in March 2016, GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement has no impact on the Authority's financial statements.

The GASB has issued several pronouncements that have effective dates that may impact future presentations. The Authority is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

Issued in November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO), which represents an enforceable liability associated with the retirement of a tangible capital asset. The statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Implementation of this statement is effective fiscal year 2019.

Issued in January 2017, GASB Statement No. 84, *Fiduciary Activities*, provides improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Implementation of this statement is effective fiscal year 2020.

Issued in March 2017, GASB Statement No. 85, *Omnibus 2017*, addresses practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). Implementation of this statement is effective fiscal year 2019.

Issued in May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Implementation of this statement is effective fiscal year 2019.

Issued in June 2017, GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflows of resources. Implementation of this statement is effective fiscal year 2021.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

(2) DETAILED NOTES ON ENTERPRISE FUND

(a) Cash and Cash Equivalents

Cash and cash equivalent components are as follows:

	2017	2016
Deposits in Bank	\$ 285,901	\$ 26,733
Local Agency Investment Fund (LAIF)	226,432	1,520,084
Total Cash and Cash Equivalents	\$ 512,333	\$ 1,546,817

Deposits:

Custodial credit risk is the risk that, in the event of failure of a depository financial institution, the Authority will not be able to receive its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority does not have a deposit policy for custodial credit risk. The Authority is subject to custodial credit risk for amounts that exceed Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per financial institution. The bank balance for the Corporation's deposits was \$508,109 and \$39,113 at June 30, 2017 and 2016, respectively, of which \$250,000 is federally insured. The remaining bank balance of \$258,109 and \$0 is uncollateralized and uninsured as of June 30, 2017 and 2016, respectively.

Investment in State Investment Pool:

The Authority is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying statements of net position at amounts based upon the Authority's pro-rata share of the value provided by LAIF from the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested in all public agencies in LAIF as of June 30, 2017 and 2016, was \$22.8 and \$22.7 billion, respectively. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2017 and 2016 had a balance of \$77.6 and \$75.4 billion, respectively. Of those amounts, 2.25% in 2017 and 2.81% in 2016 were invested in medium-term and short-term structured notes and asset backed securities. The average maturity of PMIA investments as of June 30, 2017 and 2016 was 194 and 167 days, respectively.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

(b) Government Revenues and Due From Other Government

Under the JPA, each of the three participating cities contributes revenue to the Authority. Participation is based on each City's proportionate share of the Palos Verdes Peninsula's total population. In addition, the County of Los Angeles and the Los Angeles County Metropolitan Transportation Authority provide revenue under contractual relationships with the Authority.

Revenues received from other governments during the fiscal year and the related receivables at June 30, 2017, are listed below:

	Revenue	Due From Other Governments
City participation:		
Rancho Palos Verdes	\$ 661,314	\$ -
Rolling Hills Estates	129,988	-
Palos Verdes Estates	209,641	-
	1,000,943	-
Los Angeles County - Public Works	408,200	32,200
Los Angeles County - Metropolitan Transportation Authority	617,552	662,981
City of Palos Verdes Estates	669,522 (1)	669,522
	\$ 2,696,217	\$ 1,364,703

- (1) On April 25, 2017, the Authority and City of Palos Verdes Estates, California, entered into an Assignment Agreement to exchange Proposition A Local Return funds to assist in the financing of the Authority's fixed route transit operations, and to provide funds for acquisition of new transit related equipment. Per the agreement, the City of Palos Verdes Estates assigned \$669,522 of uncommitted Proposition A Local Return funds in exchange for \$502,142 of Authority's general funds. This transaction was recorded in the accompanying statements of revenues, expenses and changes in net position's nonoperating activities section as other income and other expense.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Revenues received from other governments during the fiscal year and the related receivables at June 30, 2016, are listed below:

	Revenue	Due From Other Governments
City participation:		
Rancho Palos Verdes	\$ 644,556	\$ -
Rolling Hills Estates	126,694	-
Palos Verdes Estates	204,328	-
	<u>975,578</u>	<u>-</u>
Los Angeles County - Public Works	408,000	32,000
Los Angeles County - Metropolitan Transportation Authority	634,221	257,546
City of Hidden Hills	120,000 (1)	-
	<u>\$ 2,137,799</u>	<u>\$ 289,546</u>

- (1) On February 25, 2016, the Authority and City of Hidden Hills, California, entered into an Assignment Agreement to exchange Proposition A Local Return funds to assist in the financing of the Authority's fixed route transit operations, and to provide funds for acquisition of new transit related equipment. Per the agreement, the City of Hidden Hills assigned \$120,000 of uncommitted Proposition A Local Return funds in exchange for \$90,000 of Authority's general funds. This transaction was recorded in the accompanying statements of revenues, expenses and changes in net position's nonoperating activities section as other income and other expense.

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

(c) Capital Assets

Following is a summary of activities for capital assets for the year ended June 30, 2017:

	Beginning of Year	Additions	Deletions	End of Year
Vehicles	\$ 4,110,707	\$ 244,511	\$ (156,446)	\$ 4,198,772
Leasehold Improvement	12,449	-	-	12,449
Less:				
Accumulated depreciation	(2,799,850)	(366,924)	156,446	(3,010,328)
	<u>\$ 1,323,306</u>	<u>\$ (122,413)</u>	<u>\$ -</u>	<u>\$ 1,200,893</u>

Depreciation expense for the year ended June 30, 2017, was \$366,924.

Following is a summary of activities for capital assets for the year ended June 30, 2016:

	Beginning of Year	Additions	Deletions	End of Year
Vehicles	\$ 4,110,707	\$ -	\$ -	\$ 4,110,707
Leasehold Improvement	12,449	-	-	12,449
Less:				
Accumulated depreciation	(2,408,722)	(391,128)	-	(2,799,850)
	<u>\$ 1,714,434</u>	<u>\$ (391,128)</u>	<u>\$ -</u>	<u>\$ 1,323,306</u>

Depreciation expense for year ended June 30, 2016, was \$391,128.

(d) Unrestricted Net Position

The operating reserves are adjusted annually by 10% of the change (increase/decrease) in operating expense budget. The remaining unrestricted net position is designated for vehicle replacement.

Following is a summary of unrestricted net position as of June 30:

	2017	2016
Designated for operating reserves	\$ 227,486	\$ 229,370
Designated for vehicle replacement	1,597,624	1,351,290
	<u>\$ 1,825,110</u>	<u>\$ 1,580,660</u>

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

(e) Operating Leases

The Authority leases office and parking space from Palos Verdes Peninsula Unified School District (School District). The lease is renewable annually by mutual agreement. The School District agreed to abate all rents in lieu of payment of \$1 per year.

The Authority also leases a bus parking area at the Joint Water Pollution Control Plant in Carson from Los Angeles County Sanitation District. The monthly rent is \$6,475 and subject to automatic annual adjustments of three percent (3%) effective December 1 of each year. The future minimum payments are as follows as of June 30, 2017:

Year Ending June 30,	Operating Lease Payment
2018	\$ 88,982
2019	91,652
2020	94,401
2021	97,234
2022	41,012
	\$ 413,281

(3) RELATED PARTIES TRANSACTIONS

Member cities under the JPA, Rancho Palos Verdes, Rolling Hills Estates, and Palos Verdes Estates, provide contributions to the Authority. City Council Members are also on the board of directors of the Authority. The contributions paid to the Authority for the year ended June 30, 2017 and 2016 were \$1,000,943 and \$975,578, respectively.

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SUPPLEMENTARY INFORMATION

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PALOS VERDES PENINSULA TRANSIT AUTHORITY
Schedules of Revenues and Expenses by Category
For the Years Ended June 30, 2017 and 2016

	2017			2016				
	Charter	Dial-a-Ride	Fixed Route	Total	Charter	Dial-a-Ride	Fixed Route	Total
Operating revenues:								
Charges for services	\$ 3,875	\$ 48,858	\$ 293,699	\$ 346,432	\$ 3,672	\$ 47,689	\$ 293,976	\$ 345,337
Governmental sources	-	-	32,200	32,200	-	-	32,000	32,000
Route 225/226 operating support	-	-	610,261	610,261	-	-	609,076	609,076
Total operating revenues	3,875	48,858	936,160	988,893	3,672	47,689	935,052	986,413
Operating expenses:								
Operator fees	-	181,060	1,368,436	1,549,496	-	183,967	1,386,397	1,570,364
Contract administration	-	41,482	165,930	207,412	-	41,482	165,930	207,412
Depreciation	-	-	366,924	366,924	-	-	391,128	391,128
Fuel purchases	-	-	167,450	167,450	-	-	140,388	140,388
Marketing and promotions	-	2,247	17,167	19,414	-	1,988	9,566	11,554
Other operating expenses	-	13,135	101,525	114,660	-	10,274	98,127	108,401
Total operating expenses	-	237,924	2,187,432	2,425,356	-	237,711	2,191,536	2,429,247
Operating income (loss)	\$ 3,875	\$ (189,066)	\$ (1,251,272)	\$ (1,436,463)	\$ 3,672	\$ (190,022)	\$ (1,256,484)	\$ (1,442,834)

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors of the
Palos Verdes Peninsula Transit Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Palos Verdes Peninsula Transit Authority (the Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Los Angeles, California
April 20, 2018

DRAFT

MEMORANDUM

TO: AUTHORITY MEMBERS
FROM: Martin Gombert, Administrator
DATE: June 10, 2018
SUBJECT: Proposed Budget for Fiscal Year 2018-19

BACKGROUND

The June 14, 2018, meeting for the consideration and adoption of the Fiscal Year 2018-19 budget has been duly advertised. It includes a static level of service and no proposed changes in fares.

FY 2018-2019 BUDGET REVIEW

The attached budget document shows the current year budget (Column A) and the proposed budget (Column B) on a line-item basis for expenditures and anticipated revenues.

Operating expenses are planned to increase 4.14% over FY 2018 budgeted totals.

- Contracted Services: The cost of our contract with MV Transportation is estimated to cost \$1,352,255, a 5.76% increase over FY 2018 totals. A proposed contract amendment for the MV contract is contained later in this Agenda.

Dial-A-Ride contractor fees (line 2) are assumed to decrease from FY 2018 budgeted amounts due to a decline in ridership.

- Facility Lease Cost: The lease cost of the parking lot at the L.A. County Sanitation District (line 4) facility has increased 3% per contract.
- Fuel Cost: The budget assumes 5.88% increase in fuel cost (line 5) for the fiscal year.
- Administrative Costs: Total administrative costs (line 6) are slightly increased (1.80%) from the FY 2018-19 budget.

- Depreciation Expense: This amount (line 10) is from accounting staff estimates. This number will be adjusted depending on the delivery date of new equipment.
- Capital Program: The purchase of one (1) new vehicle is proposed. The new vehicles will replace a vehicle purchased in 2008 that has reached the end of its useful life. The estimated cost of this vehicle will be \$172,068.

The purchase of route planning and scheduling software is proposed at a total cost of \$17,500. The Remix planning software is used by Torrance Transit and several other local transit systems and would allow staff to more closely tailor bus routes and schedules to school and work locations. The software would also assist in complying with Metro Title VI Civil Rights reporting requirements.

SUPPORT FUNDING SOURCES

Support funding from all sources has increased by 4.97% over FY 2018 totals. The budget does include \$376,000 in funding from Los Angeles County, which was approved by the Board of Supervisors on June 6th.

ROUTE AND SCHEDULE CHANGES

Minor route and schedule changes will be made to improve schedule adherence and meet passenger demand. Schedules will be adjusted using Nextbus operating data.

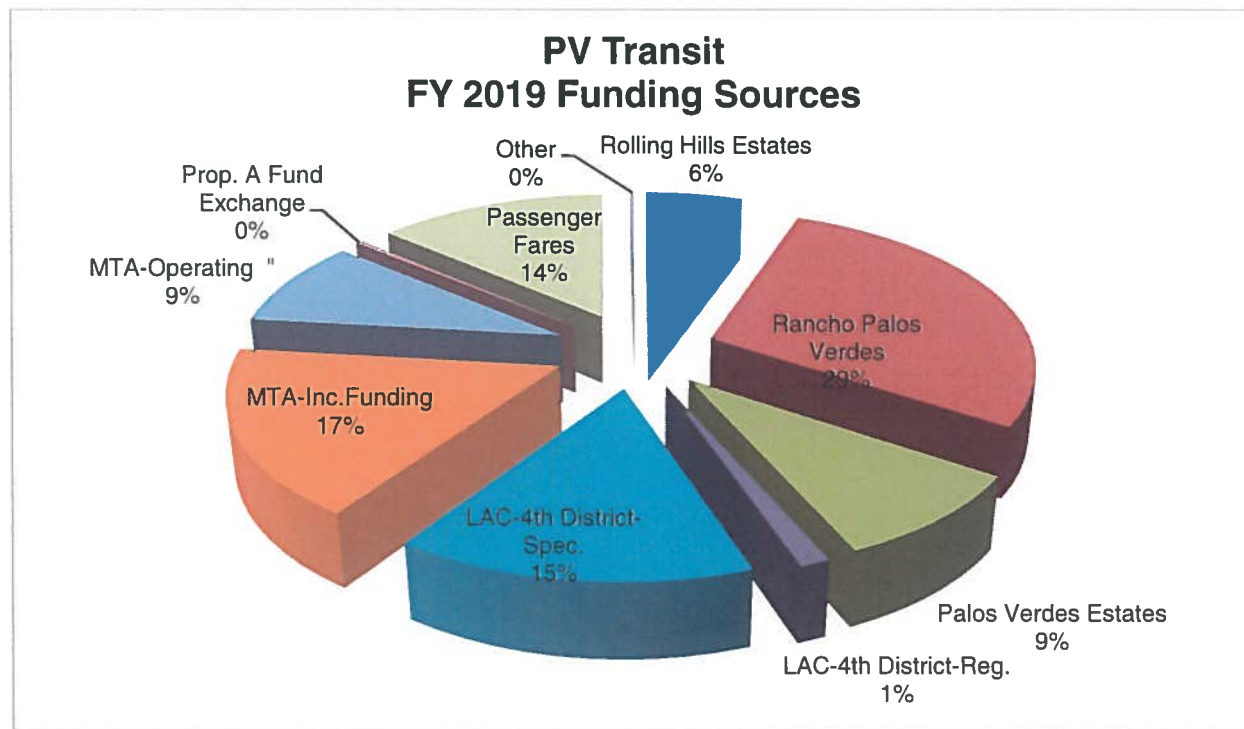
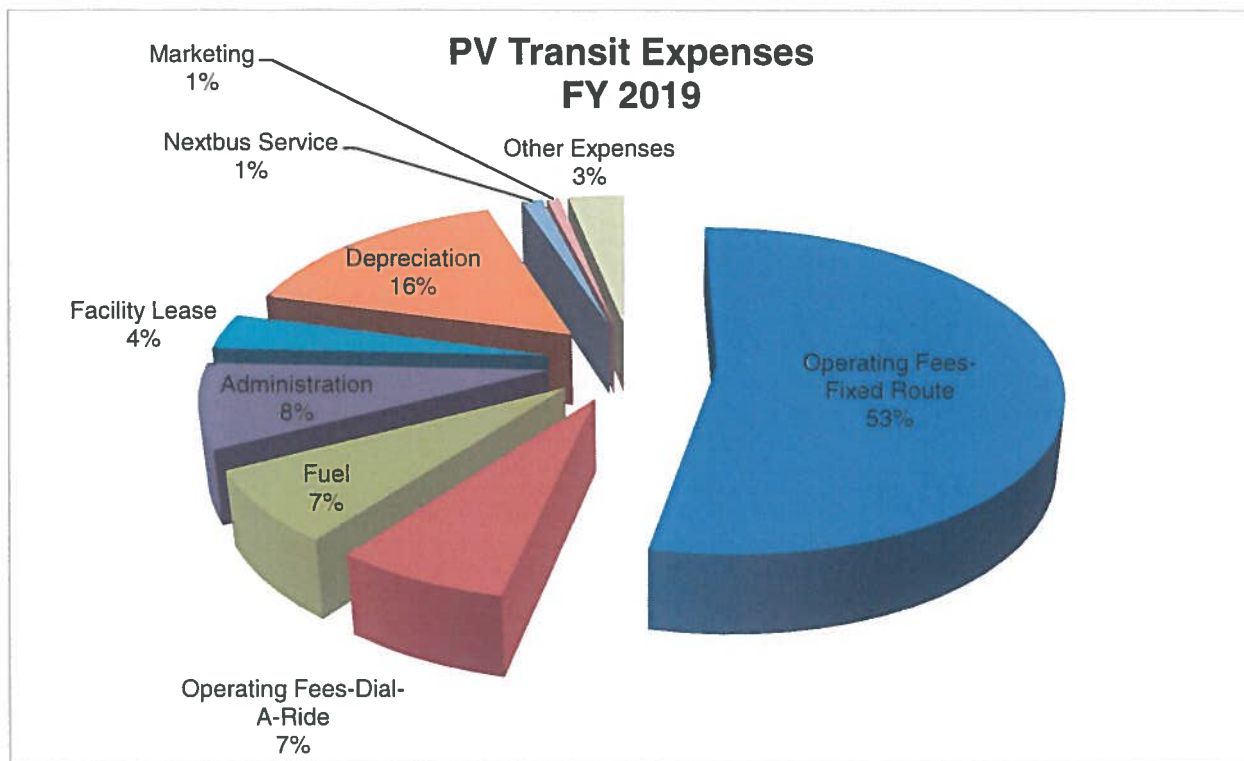
PASSENGER FARES

The proposed prices for fixed route and dial-a-ride fees are shown in the attachment. The following items are noted:

- No increases in fixed route or dial-a-ride fares are proposed.

RECOMMENDATION

Adopt the Fiscal Year 2018-19 budget in the amount of \$2,535,854 for operations and \$189,568 for capital. Adopt the proposed PVPTA fare structure.



Attachments:

- Proposed FY 2018-19 Budget
- Proposed PVPTA Fare Structure

**PALOS VERDES PENINSULA TRANSIT AUTHORITY
PROPOSED BUDGET
FISCAL YEAR 2018-19**

	A	B		% Change over FY 2018
	FY 2017-18 Final Budget	FY 2018-19 Draft Budget	NOTES	
EXPENDITURES				
Operations Expense				
1 Oper. Fees-Fixed Rt	\$ 1,278,655	\$ 1,352,255		5.76%
2 " " -DAR/DAL	190,000	175,000		-7.89%
3 " " - Charter	1,000	1,000		0.00%
4 Facility Lease	88,764	91,652	Contractual increase	3.25%
5 Fuel	170,000	180,000		5.88%
Total Operations	\$ 1,728,419	\$ 1,799,907		4.14%
Administrative Exp.				
6 Admin. - General	\$ 211,200	\$ 211,200		
7 Marketing	18,000	18,000		
8 Nextbus Service	29,747	29,747		
9 Other Operating Expenses	74,000	80,000		
Total Administration	\$ 332,947	\$ 338,947		1.80%
10 Depreciation Expense	353,067	397,000		
TOTAL EXPENDITURES	\$ 2,414,433	\$ 2,535,854		5.03%
REVENUES				
11 Farebox	\$ 275,000	\$ 280,000		
12 Charter sales	\$ 2,000	\$ 2,000		
13 Voucher Sales	\$ 50,000	\$ 60,000		
Total Sales	\$ 327,000	\$ 342,000		
14 Other Revenue	18,000	5,000		
TOTAL REVENUES	\$ 345,000	\$ 347,000		0.58%
SUPPORT FUNDING REQ.	\$ 2,069,433	\$ 2,188,854		
15 Operating Res.Reqmnt				
CAPITAL PROGRAM	480,000	189,568	One vehicle, planning software	
TOTAL FUNDING REQ.	\$ 2,549,433	\$ 2,378,422		-6.71%
SUPPORT FUNDING SOURCES				
Source:				
Rolling Hills Estates	\$ 131,938	\$ 142,955	9% increase	8.35%
Rancho Palos Verdes	\$ 671,234	\$ 727,282	↓	8.35%
Palos Verdes Estates	\$ 212,785	\$ 230,553		8.35%
LAC-4th District-Reg.	32,200	32,200		
LAC-4th District-Spec.	376,000	376,000		
MTA-Inc.Funding	428,017	437,744	Draft funding marks 5/09/18	
MTA-Operating "	233,076	233,076	2017 funding amount	
Prop. A Fund Exchange	-	9,044	Prop A Fund Exchange-Estimate	
Prop. A Fund Exchange				
SUPPORT FUNDING	\$ 2,085,250	\$ 2,188,854		4.97%
From Capital Reserve	\$ 464,183	\$ 189,568		
TOTAL FUNDING	\$ 2,549,433	\$ 2,378,422		

PVPTA FARE STRUCTURE
Effective 7/1/18

<u>Cash Fares</u>	<u>Current</u>	<u>Proposed</u>
Cash/Token	\$ 2.50	N/C
Senior/Disabled	\$ 1.00	N/C
<u>Transfers</u>	<u>Current</u>	<u>Proposed</u>
PV bus to PV bus	\$ -	\$ -
Muni Transfer	\$ 0.25	N/C
<u>Transit Passes</u>	<u>Current</u>	<u>Proposed</u>
Monthly Pass	\$ 78	N/C
Summer Pass	\$38/Semester High School	
	\$57/Intermediate School	
<u>Semester Pass</u>	<u>Current</u>	<u>Proposed</u>
One	295	N/C
Two in Family	290	N/C
Three in Family	280	N/C
<u>Annual Pass</u>	<u>Current</u>	<u>Proposed</u>
One	590	N/C
Two in Family	580	N/C
Three in Family	560	N/C
<u>Other</u>	<u>Current</u>	<u>Proposed</u>
PV DAR Card	\$ -	\$ -
(for use on PV buses)		
Access Services Card	\$ -	\$ -
EZ Pass (225-226)	\$ -	\$ -
Lost Pass Fee	\$ 10.00	\$ 10.00
<u>Dial-A-Ride</u>	<u>Current</u>	<u>Proposed</u>
Registration Fee	\$ 10	N/C
(initial registration only)		
Voucher	\$ 6	N/C
<u>Charter Service</u>	<u>Current</u>	<u>Proposed</u>
Cost Per Hour	\$ 73.15	N/C
(5 Hour minimum)		

MEMORANDUM

TO: AUTHORITY MEMBERS
FROM: Martin Gombert, Administrator
DATE: June 10, 2018
RE: Amendment Number One (1), MV Transportation Contract Services
Amendment

INTRODUCTION

On May 28, 2015 the PVPTA Board of Directors approved a five-year Agreement with MV Public Transportation, Inc. for the operation of fixed route transit service.

On February 19, 2018 MV Transportation, Inc. requested (Exhibit I) an increase in the hourly rate to provide fixed route transit service because of increases in the State and County Minimum wage approved in 2016.

The Agreement with MV Transportation (Exhibit II) allows changes to “Schedule of Payments” if there are changes to “local government or regulatory costs that may increase CONTRACTOR’s cost of operation and that were not contemplated by the parties at the time of this Agreement, including by way of example and not of limitation: taxes, mandatory wages....”

The State of California, County of Los Angeles, and City of Los Angeles have all implemented minimum wage laws of up to \$15.00 per hour. A summary of the combined progression of these ordinances is as follows:

7/1/16	\$10.50/hour
7/1/17	\$12.00/hour
7/1/18	\$13.25/hour
7/1/19	\$14.25/hour
7/1/20	\$15.00/hour

ANALYSIS

Staff met with MV Transportation several times to review the proposed increase in detail. The final proposal presented by MV Transportation only includes wage increases for drivers and two operations staff members plus applicable fringe benefit costs. The proposal does not include any profit or overhead costs.

The proposal increases the lower level wages to stay ahead of the minimum wage increases and includes minor increases for other employees to prevent wage compression.

FINANCIAL IMPACT

Shown below is the current and proposed hourly rate to operate fixed route transit service for the next two fiscal years.

Fiscal Year	Hourly Rate	Proposed	% Change
2018-19	\$69.80	\$71.88	2.9%
2019-20	\$71.34	\$73.13	2.5%

Shown below is the estimated financial impact on the Authority’s annual budget, assuming the operation of 19,500 revenue hours.

Fiscal Year 2018-19 \$40,627
Fiscal Year 2019-20 \$24,300

The proposed hourly rate costs are included in the Fiscal Year 2018-19 budget.

RECOMMENDATION

Approve Amendment Number One, MV Transportation Contract Services Amendment

Exhibit I



MV TRANSPORTATION, INC.

February 19, 2018

Martin Gombert, Administrator
Palos Verdes Peninsula Transit Authority
38 Crest Rd
West Rolling Hills, CA 90247

RE: Proposed Rate increase

Dear Martin,

As per our previous conversations, you are aware that the State of California as well as the City and County of LA have significantly increased their minimum wage rates. The LA City and County rates alone will be going to \$13.25 on July 1st 2018. This will be more than 15% higher than the state minimum wage increases. I'm sure you realize that these increases will have a major impact on how we operate and our ability to recruit and retain quality drivers and staff in the area. It is also important to note that the \$15 minimum wage initiative was finalized and implemented in 2016 well after the start of the Palos Verdes contract and are not truly reflected in our current pricing. At the start of the contract the minimum wage was \$9.00/hour. Our concern is that these yearly increases are far beyond our contractual scheduled increases that we had bid in the original contract. As you know we have been absorbing these increases so far but cannot continue to sustain them.

As a partner with the PVPTA since 2015, MV appreciates the ongoing partnership in providing transit services in the Palos Verdes area. MV fully understands the need to work with its clients to offer the best value with great service at a competitive price. I have attached a spreadsheet with a breakdown of the proposed rate increases for your review. Please let me know if you have any questions. I am available to meet with you again to discuss further as your consideration and help in this matter is greatly appreciated.

Sincerely,

A handwritten signature in black ink that reads 'Stephen Allan'. The signature is written in a cursive, flowing style.

Stephen Allan
General Manager

Cc: Fadi Chakbazof, MV
Cc: Judie Smith

Exhibit II

CONTRACT SERVICES AGREEMENT

This CONTRACT SERVICES AGREEMENT ("Agreement") is made and entered into as of August 1, 2015 (the "Effective Date"), by and between the Palos Verdes Peninsula Transit Authority, a Joint Powers Authority ("AUTHORITY"), and MV Public Transportation, Inc. ("CONTRACTOR").

RECITALS:

- A. AUTHORITY wishes to retain the services of an experienced and qualified CONTRACTOR for the provisions of operations and maintenance services for the PV TRANSIT Bus Service.
- B. In order to obtain the desired services, the AUTHORITY has circulated its Request for Proposal ("RFP") for the Provisions of Operations and Maintenance Service for the PV TRANSIT Bus Service. CONTRACTOR represents that it is qualified to perform those services.
- C. CONTRACTOR has submitted a Proposal ("Proposal") in response to the RFP. CONTRACTOR represents that it is qualified to perform those services requested in the RFP. Based upon its review of all proposal submitted in response to the RFP, the AUTHORITY is willing to award the contract to CONTRACTOR.

AGREEMENT:

1. **SERVICES TO BE PERFORMED BY CONTRACTOR**
CONTRACTOR will provide the services listed in CONTRACTOR's Proposal submitted in response to the RFP. A copy of the RFP and Addenda 1 and 2 is attached as Exhibit A. A copy of the Proposal is attached as Exhibit B.

2. **TERM**
Unless earlier terminated in accordance with Paragraph 4 below, this Agreement will continue in full force and effect from the Effective Date through June 30, 2020. Upon mutual agreement between the AUTHORITY and CONTRACTOR, the Agreement may be extended for three one-year periods at a rate not to exceed the increases in the BLS Consumer Price Index (CPI) for Los Angeles, Riverside, Orange County, All Items.

3. **COMPENSATION**
 - A. CONTRACTOR's Fee.

For services rendered pursuant to this Agreement, CONTRACTOR will be paid in accordance with the compensation schedule set forth in the Proposal, provided, however, that in no event will the total amount of money paid the CONTRACTOR, for services initially contemplated by this Agreement, exceed the sum of \$6,773,067 ("Agreement Sum"), unless otherwise first approved in writing by AUTHORITY:

B. Schedule of Payment.

Provided that the CONTRACTOR is not in default under the terms of this Agreement, upon presentation of an invoice, CONTRACTOR will be paid the fees described in Paragraph 3.A. above, according to the Compensation Schedule. Payment will be due within 30 days after the date of the monthly invoice.

CONTRACTOR represents and warrants that it has thoroughly and independently investigated and considered the scope of service and fully understands the challenges, costs, and restrictions in performing the work and in entering into this Agreement and is not relying on any presentations by AUTHORITY other than those set forth herein. This representation and warranty is conditioned upon the accuracy of the AUTHORITY'S data as presented in the RFP, which data CONTRACTOR used to develop the proposal for its services, staffing, and price.

CONTRACTOR represents that it is experienced in performing the work and warrants that its cost proposals reflects its independent investigation of the work to be performed.

CONTRACTOR further warrants that the work can and will be performed in accordance with such compensation schedule during the term of this Agreement. CONTRACTOR guarantees its proposed price contained in the compensation schedule, barring changes in scope directed by AUTHORITY outside the intent of the subject Request for Proposals and local governmental or regulatory costs that may increase CONTRACTOR'S cost of operation and that were not contemplated by the parties at the time of this Agreement, including by way of example and not of limitation: taxes, mandatory wages, regulatory or usage fees or duties..

**AMENDMENT NUMBER ONE (1)
TO
MV TRANSPORTATION CONTRACT SERVICES AGREEMENT**

August 1, 2015 Agreement

This amendment to the August 1, 2015 Agreement is made and entered into by and between the PALOS VERDES PENINSULA TRANSIT AUTHORITY, hereinafter referred to as "Authority", and MV Public Transportation, Inc., hereinafter referred to as "MV".

WITNESSETH

Whereas, on August 1, 2015, Authority and MV entered into an Agreement to provide transportation to senior and disabled persons; and

WHEREAS, said Agreement-Schedule of Payment can be modified because of changes in government or regulatory costs, including mandatory wages; and

NOW, THEREFORE, in consideration of the mutual covenants in said Agreement and the welfare of the above-mentioned persons, Authority and MV agree to revise the Agreement, as amended, as follows:

Section 3-Compensation: The cost per revenue hour shall be changed as shown below:

Fiscal Year 2018-19	\$71.88
Fiscal Year 2019-20	\$73.13

There shall be no change to the Agreement Sum of \$6,773,067.

Except as herein and previously amended, the Agreement shall remain in full force and effect.

This Amendment shall become effective as of the date it is approved by the Authority.

IN WITNESS THEREOFF, the parties hereto have caused this Amendment Number One to be executed by their respective Officers, duly authorized, by the Authority on **June 14, 2018** and by MV on _____.

MV Public Transportation, Inc.

Date _____ By _____

PALOS VERDES PENINSULA TRANSIT AUTHORITY

Date _____ By _____

MEMORANDUM

TO: AUTHORITY MEMBERS
FROM: Martin Gombert, Administrator
DATE: June 7, 2018
SUBJECT: Capital Improvement Program

INTRODUCTION

Staff is proposing to purchase one new small transit bus to replace existing equipment.

ANALYSIS

Replacement Bus

It is recommended that the Authority purchase one replacement bus through the MBTA/CalACT Cooperative Bid (RFP #15-03). The Cooperative is the development of a **Local Government Purchasing Schedule** as defined in the Federal Transit Administration's (FTA) Circular 4220.1F Chapter V, Part 4.

The new bus would replace vehicles 1041. This vehicle was purchased in 2008 and has exceeded its useful life span.

A summary of vehicle specifications is shown below:

- Make and Model: Startrans, 27.5 Foot
- Twenty-two passenger capacity
- Wheelchair Lift with seating positions for two wheelchairs
- Powered by compressed-natural-gas (CNG)
- Electronic Destination Signs
- Bike Racks

Detailed vehicle specifications and drawings are attached.

FINANCIAL IMPACT

Shown below is the estimated cost and funding source for the replacement vehicle purchase. A quote for the proposed purchase is attached to this report.

Replacement Bus

Price	\$163,875
Number	1
Subtotal	\$163,875
Contingency	\$8,193
TOTAL	\$172,068

Funding Source

Capital Reserves \$172,068

There are sufficient capital reserves to fund this project.

RECOMMENDATION

Approve the capital improvement program consisting of the purchase of one (1) replacement bus from Creative Bus Sales (quote dated 6-7-18) for a price not to exceed \$163,875.69 plus a project contingency of 5%.



Creative Bus Sales

13501 Benson Avenue Chino, CA 91710 800 326 2877



Creative Collision & Paint



Creative Bus Sales
The Nation's Largest Bus Dealer
(888) 633-8380

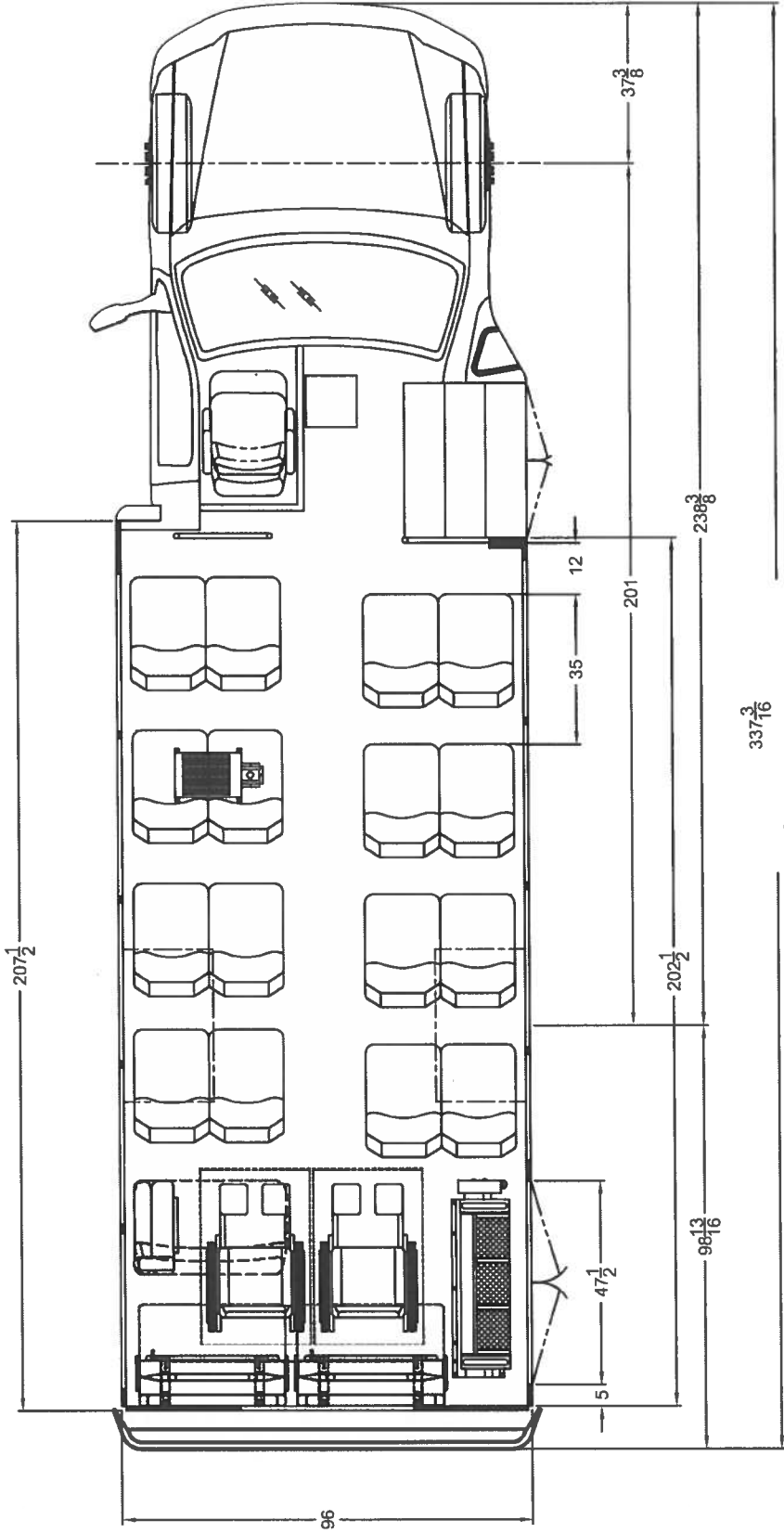
CalACT RFP #15-03 - Class E Ford (F550) - Quote Sheet (4/28/2018 Pricing)

Vehicle Type:	Class E - Ford (F550) Medium Duty		Ford GPC #:	
Contact:	Martin Gombert		Type of Lift:	<input checked="" type="checkbox"/> Braun <input type="checkbox"/> Ricon
Agency:	Palos Verdes Peninsula Transit Authority		Lift Location:	<input type="checkbox"/> Front <input checked="" type="checkbox"/> Rear
Address:	38 Crest Road West		Seat Material D-90:	<input checked="" type="checkbox"/> Vinyl <input type="checkbox"/> Cloth
City, State, Zip:	Rolling Hills, CA 90274		Seat Color:	<input type="checkbox"/> Yes (2) 5" <input type="checkbox"/> No
Phone:	(310) 544-7108		Reflective Stripes:	
Fax:			Stripe Color:	
E-Mail:	pvttransit@palosverdes.com		Salesperson:	Don White
Quantity:	Description		Price	Ext. Price ADA
1	Class E - Ford (F550) - Startrans (27')		\$90,013.70	\$90,013.70 \$9,200.00
Published Options				
1	AM/FM/CD Per Spec		\$460.80	\$460.80
1	Spare Tire - (Loose, Full Size, To Match OEM Chassis)		\$0.00	\$0.00
1	Freedman Foldaway Seat - (Double)		\$1,075.20	\$1,075.20 \$1,075.20
2	Freedman Flip Seat - (Double)		\$655.36	\$1,310.72 \$1,310.72
1	Drivers Seat - USSC G2E		\$0.00	\$0.00
1	Roof Vent - (Transpec 1070)		\$506.88	\$506.88
1	Telma Driveline Brake Retarder		\$9,267.20	\$9,267.20
1	Sportsworks Bike Rack - (Black 2-Bike)		\$2,048.00	\$2,048.00
1	Dialight Exterior LED		\$691.20	\$691.20
1	"Stop Request" System - (w/ADA Buttons on Seat & WC/Sign/Chime)		\$1,536.00	\$1,536.00 \$1,536.00
1	Hanover Electronic Signs - (Front / Side)		\$4,505.60	\$4,505.60 \$4,505.60
1	CNG Conversion - (35gpg)		\$18,636.80	\$18,636.80
1	Amerex Fire Suppression System - (AFSS)		\$6,500.00	\$6,500.00
1	TransAir TA77R90 Super 13 with R90 Roof Mount Condensers		\$2,579.46	\$2,579.46

Non-Published Options			
1	CNG Conversion - (Increase to 45gpg)	\$8,300.00	\$8,300.00
1	Mor/Ryde Suspension System	\$1,150.00	\$1,150.00
1	Braun - Century Lift - (Standard)	\$0.00	\$0.00
1	Lift - Pad Cover	\$395.00	\$395.00
Class E F550 - Base Price		\$90,013.70	
Published Options		\$49,117.86	
Non-Published Options		\$9,845.00	
Total		\$148,976.56	\$18,022.52
Doc Prep Fee		\$80.00	
Non-Taxable		\$18,022.52	
Taxable Amount		\$132,034.04	
Tax Total		\$12,543.23	9.500%
Sub-Total		\$161,599.79	
CalACT Fee		\$2,234.65	
DMV E-File Fee:		\$29.00	(Estimated)
DMV Fee		\$0.00	
Tire Fee		\$12.25	
Local Delivery		\$0.00	0
Total		\$163,875.69	Insert Miles
Number of Units		1	
Final Total		\$163,875.69	

Local Delivery Up To 100 Miles at No Charge

CLASS E 27.5' REAR LIFT FORD F550



DEALER APPROVAL

APPROVED

CUSTOMER SIGNATURE

NOTE: SHOWN WITH MID HI FREEDMAN SEATS
 ALLSTAR XL F-550 19 500 GVWR
 THIS FLOOR PLAN IS FOR ILLUSTRATION PURPOSES ONLY.
 A WEIGHT ANALYSIS HAS NOT YET BEEN PERFORMED.
 FINAL APPROVAL WITH A WEIGHT ANALYSIS IS REQUIRED UPON RECEIPT OF A
 COMPLETED ORDER WITH ALL OPTIONS SHOWN.
 OPTIONAL EQUIPMENT MAY BE SHOWN.
 THE SALES ORDER PLACED DICTATES ACTUAL OPTION CONTENT.

SCALE
 IN INCHES



THIS DRAWING AND THE INFORMATION THEREON ARE THE EXCLUSIVE PROPERTY OF STARTRANS BUS, A DIVISION OF FOREST RIVER. IT SHALL NOT BE COPIED OR DUPLICATED IN ANY MANNER, NOR SHALL IT BE SUBMITTED TO OUTSIDE PARTIES FOR EXAMINATION WITHOUT OUR WRITTEN CONSENT. IT IS LOANED FOR USE WITH REFERENCE TO WORK UNDER CONTRACT WITH OR PROPOSALS SUBMITTED TO STARTRANS BUS, A DIVISION OF FOREST RIVER.

REV	DESCRIPTION OF CHANGE	CHK	DATE	ECN No.
A	PRELIM PACKET	JPC	05/28/15	

TOLERANCE UNLESS OTHERWISE SPECIFIED	WOOD	DATE: 05/28/15	TITLE: 16 2 WC 201 WB 202 BDY
± 1/8"	± 1/16"	NAME: JPC	
± 1°	± 1/2°	DWG No.	16 2 WC 201 WB 202-1 BDY

STARTRANS a division of Forest River, Inc.

MEMORANDUM

TO: AUTHORITY MEMBERS
FROM: Martin Gombert, Administrator
DATE: June 10, 2018
SUBJECT: Schedule of Meetings for Fiscal Year 2018-19

Shown below are the proposed Board Meeting dates for Fiscal Year 2018-19.

July 26, 2018
October 18, 2018
January 17, 2019
February or March – Annual Workshop
April 18, 2019
May 16, 2019 (if necessary for Budget hearing)
July 18, 2019