



# TRI DELTA TRANSIT

Eastern Contra Costa Transit Authority  
801 Wilbur Avenue • Antioch, California 94509  
Phone 925.754.6622 Fax 925.757.2530

## Board of Directors Meeting Agenda

Wednesday December 14<sup>th</sup>, 2016

4:00pm

ECCTA Boardroom

801 Wilbur Avenue, Antioch, CA 94509

Available online: [www.trideltatransit.com](http://www.trideltatransit.com)

Please see the last page of this agenda for:

- Public comment guidelines
- Agenda, staff report, and document availability
- Americans with Disabilities Act information
- Anticipated action by the Board of Directors

1. **Call to Order:** Chair Doug Hardcastle

a. **Roll Call**

2. **Pledge of Allegiance**

3. **Public Comment**

While public comments are encouraged and taken very seriously, State law prevents the Board of Directors from discussing items that are not on the meeting agenda. If appropriate, staff will follow up on public comments. Please see Public Comment Guidelines on Page 3 of this agenda.

4. **Chair's Report:** Chair Doug Hardcastle

5. **Consent Calendar (ACTION ITEM):** Minutes, Financial Report, and Marketing Activities Report (*see attachment: tab #1*)

- a. Minutes of the Board of Directors meeting of October 26<sup>th</sup>, 2016
- b. Financial Report
- c. Marketing Activities Report

**Requested Action:** Approve items 5a, 5b, and 5c

6. **CEO's Report:** Jeanne Krieg

- a. **Operations Report** (*see attachment: tab #2*)

**2016 Board of Directors:**

- City of Antioch
  - Wade Harper
  - Mary Rocha\*\*
- City of Brentwood
  - Gene Clare
  - Barbara Guise
- City of Oakley
  - Doug Hardcastle\*
  - Kevin Romick
- City of Pittsburg
  - Ben Johnson
  - Pete Longmire
- Contra Costa County
  - Federal Glover
  - Mary Piepho
- Member-at-Large
  - Ken Gray

\* Chair: FY 2016-17

\*\* Vice-chair: FY 2016-17

**Board of Directors Meeting Agenda  
Wednesday December 14<sup>th</sup>, 2016**

**7. ACTION AND DISCUSSION ITEMS**

**a. ACTION ITEM: Fuel Hedging**

*(see attachment: tab #3)*

**Requested Action:** Adopt Resolution 161214a authorizing the CEO to begin engaging in fuel hedging for the purpose of stabilizing the cost of diesel fuel for the agency over time.

**b. ACTION ITEM: Fixed Route Bus Disposal**

*(see attachment: tab #4)*

**Requested Action:** Adopt Resolution 161214b authorizing the disposal of nineteen fixed route buses.

**c. ACTION ITEM: Maintenance of Shop Equipment**

*(see attachment: tab #5)*

**Requested Action:** Adopt Resolution #161214c authorizing the CEO to execute and deliver a five year contract for Shop Equipment Maintenance and As-Needed Repairs to Walker's Hydraulics, Inc.

**d. ACTION ITEM: Transit Study Mission**

**Requested Action:** Authorize the CEO to participate in the 2017 APTA International Study Mission to study safety culture, state of good repair, and innovative operations.

**e. ACTION ITEM: Independent Auditor's Report for the year ended June 30, 2016**

*(see attachment: tab #6)*

**Requested Action:** Adopt Resolution #161214d accepting the Independent Auditor's Report for the year ended June 30, 2016

**8. Board of Directors Comments**

Under this item, Directors are limited to providing information, asking clarifying questions about matters not on the agenda, responding to public comment, referring matters to staff, or requesting a report be made at another meeting.

**9. Adjourn**

Next Meeting: January 25<sup>th</sup>, 2017 – 4:00pm

**Public Comment Guidelines:**

- Persons requesting to address the ECCTA Board of Directors are requested to complete a Comment Request form and submit it to the clerk. If possible, please submit the form prior to the start of the meeting. At the appropriate time, the ECCTA chair will call on individuals to comment.
- During the public comment agenda item, the public is permitted to address the ECCTA Board of Directors on items that are on the consent calendar or items not on the agenda. Individuals may also make a request for future agenda items. No action or discussion may take place on any item not appearing on the posted agenda.
- If a person wishes to speak on a specific agenda item, the ECCTA chair will call on the individual when the agenda item is being discussed by the Board of Directors.
- Persons addressing the ECCTA Board of Directors are requested to limit their remarks to three (3) minutes unless an extension of time is granted by the chair, subject to approval of the ECCTA Board of Directors.

**Agenda, staff report, and document availability:**

Copies of all staff reports and documents subject to disclosure that relate to each item of business referred to on the agenda are available for public inspection the Friday before each regularly scheduled Board of Director's meeting at Tri Delta Transit's front desk located at 801 Wilbur Avenue, Antioch, California. Any documents subject to disclosure that are provided to all, or a majority of all, of the members of the Board regarding any item on this agenda after the agenda has been distributed will also be made available for inspection at Tri Delta Transit's front desk at the above referenced address during regular business hours.

**Americans with Disabilities Act Information:**

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available in the Tri Delta Transit parking lot. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the CEO's Office at (925) 754-6622 or fax (925) 757-2530. Notification 48 hours prior to the meeting will enable Tri Delta Transit to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II} Please help us accommodate individuals with EI-MSD and refrain from wearing scented products to this meeting. Please turn off any electronic paging device or cell phone.

**Anticipated action by the Board of Directors:**

The Board of Directors may take action on any item on the agenda, which action may consist of the recommended action, no action or a related action.

# **TAB 1**

Agenda Item 5a, b, c  
Consent Calendar (ACTION ITEM): Minutes, Financial Report and  
Marketing Activities Report

## **Board of Directors Meeting**

Wednesday December 14, 2016

ECCTA Boardroom  
801 Wilbur Avenue, Antioch, CA 94509

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**Antioch - Brentwood - Pittsburg - Oakley and Contra Costa County**

**MINUTES**

October 26, 2016

The Eastern Contra Costa Transit Authority (ECCTA) meeting was called to order in the ECCTA Board Room, 801 Wilbur Avenue, Antioch, California by Chair Doug Hardcastle at 4:00 P.M.

**ROLL CALL / CALL TO ORDER**

**PRESENT:** Gene Clare (Brentwood); Nancy Parent, Alternate for Federal Glover (Contra Costa County); Ken Gray (Member-at-Large); Barbara Guise (Brentwood); Wade Harper\* (Antioch); Ben Johnson (Pittsburg); Pete Longmire (Pittsburg); Michael Daugelli, Alternate for Mary N. Piepho (Contra Costa County); Kevin Romick (Oakley); Mary Rocha (Antioch/Vice Chair); and Doug Hardcastle (Oakley/Chair)

\*Arrived after Roll Call

**ABSENT:** None

**STAFF:** Jeanne Krieg, Chief Executive Officer (CEO)  
Steve Ponte, Chief Operating Officer (COO)  
Ann Hutcheson, Director of Administrative Services  
Joe Chappelle, Executive Assistant  
Ben Stock, Legal Counsel

**OTHERS**

**PRESENT:** Susan Hinson, First Transit  
Gary Mitchell, First Transit  
Hosie Pintily, First Transit

**PLEDGE OF ALLEGIANCE**

Director Clare led the Pledge of Allegiance.

**PUBLIC COMMENT**

Shirley Lefave, a Tri Delta Transit Dial-a-Ride customer, expressed concern with the 5 to 10-minute wait for calls to go through the system. She requested a separate phone line so that when people finished their errands early there could be a separate line to address pick-ups to keep customers from long, sometimes two-hour waits.

### **CHAIR'S REPORT**

Chair Hardcastle verified that the bus parked outside the facility building was one of the new Gilligs.

### **CONSENT CALENDAR**

On motion by Director Johnson, seconded by Director Guise, ECCTA Boardmembers adopted the Consent Calendar, as shown, which carried by the following vote:

- A. Minutes of the Board of Directors meeting of August 31, 2016
- B. Financial Report
- C. Marketing Activities Report

AYES: Clare, Daugelli, Gray, Guise, Harper, Johnson, Longmire, Parent, Romick, Rocha, Hardcastle

NOES: None

ABSTAIN: None

ABSENT: None

### **CHIEF EXECUTIVE OFFICER'S REPORT**

- A. Operations Report

Chief Executive Officer (CEO) Jeanne Krieg reported that she had attended the American Public Transportation Association (APTA) Annual Meeting in Los Angeles in September, which had been a good and very busy conference. She also reported that she had recently been reappointed to the California Transit Association's Federal Legislative Committee, and with that group had gone to Washington, D.C. to meet with members of the California delegation to discuss a number of issues, which she highlighted at this time.

In other matters, Ms. Krieg reported that no bids had been received for the fuel tank maintenance IFD so staff would continue to use the current contractor; the work was less than \$10,000, although the process was necessary to prove that outreach would be conducted. The first of the 20 Gillig buses had been delivered and was available for viewing at this time. She described the differences between these buses and those last purchased in 2013 in that there were two more cameras on the buses which had different cooling fans, the AVL sign was built in, a stop request had been added, and there were disk brakes instead of drum brakes. The buses were expected to be in service by mid-November in that various pieces of equipment such as Clipper®, AVL, automatic passenger counters, Smart Drive, and Mobile Eye would have to be installed first. Once the new buses were in service, all of the classic Phantoms would be retired. She described the potential options for the use of some of the Phantoms such as a community outreach bus or an emergency mobile command center.

Ms. Krieg advised that the next step in the new technology included in the First Transit contract was being installed. All paratransit operators would have a tablet to use for manifest management and routing, which would cut down on radio traffic, reduce errors in the field, and help make the paratransit system more efficient.

Ms. Krieg reported that Tom Harais, the Chief Financial Officer (CFO) had been analyzing the possibility of using fuel hedging and would be presenting a possible plan at the meeting in December.

Ms. Krieg explained that Antioch City staff had planned to change zoning for the property ECCTA had purchased to be used as a Park & Ride lot at Auto Center and 6<sup>th</sup> Street, which would have disallowed ECCTA from building on the lot. A meeting with the City Manager about the project as well as with the Planning Commission had resulted in the announcement that the City would allow the Park & Ride to be built at that location. She thanked those involved for making that happen, and reported that ECCTA's consultant, Mark Thomas, was working with the City to complete the traffic study and environmental review of the property. Final plans would be presented to the City by the end of November, and possible funding sources for construction were being identified.

Ms. Krieg reported that progress continued on the facility solar project in that system design for the solar panel frame footings was being done, which was being reviewed by the fire department, and would next be reviewed by the Antioch Planning Commission prior to ECCTA publishing a request for bid. A request for bid would also be published for the car charging stations that would be installed in the parking lot.

Ms. Krieg reminded Directors of the Gillig factory tour scheduled for Thursday, October 27 and noted that thus far Alternate Daugelli and Directors Johnson, and Gray would be participating in the tour. With respect to operations, she explained that fixed route ridership, like most other transit agencies, was still sluggish; paratransit ridership was essentially flat; and because reporting had changed with respect to measuring on-time performance and customer complaints comparisons to last year would be off all year. Additionally, the split used for fixed route and paratransit had been changed so that while the overall budget had not changed, the allocation had.

### **ACTION AND DISCUSSION ITEMS**

#### **A. Seafood Festival Shuttle**

Ms. Krieg reported that years ago the Seafood Festival Shuttle in Pittsburg had been very successful until the location of the Festival had been moved which had resulted in poor ridership, and after being moved again the shuttle had again been requested, which had been approved as long as there were a minimum of 4,000 riders. With a total of 2,956 riders this year, she stated the shuttle would not be run next year unless there was a different determination from the Board.

Director Johnson asked that the question of running the shuttle be continued to next year to allow a determination of why there had been such a low ridership this year.

Ms. Krieg suggested that the close-in parking with the current site of the Seafood Festival had negated the need for the shuttle, although Director Johnson suggested that given the 15,000 people who had attended the Festival there would be a need for the shuttle, and he reiterated his request that it be reconsidered next year along with the potential costs of running the shuttle with a lower ridership.

B. Antioch Chamber of Commerce Membership

Ms. Krieg explained that in 2008 the Antioch Chamber of Commerce had formed a Political Action Committee (PAC) to endorse and financially support candidates in elections, and while the PAC was intended to be a separate organization from the Chamber itself, ECCTA Boardmembers at that time had expressed concern maintaining Tri Delta Transit's membership in the Chamber given those endorsements. With a new manager, new Chamber, and a new way of doing business, in 2014 the Board had authorized the CEO to rejoin the Antioch Chamber with the direction to advise the Board if the PAC was reactivated. This year the Antioch Chamber Board of Directors had endorsed a couple of candidates in local elections and the Chamber had advised her that while the PAC had not been reactivated the Board had approved endorsements without financial support.

Director Johnson verified with Ms. Krieg that ECCTA had memberships with the Pittsburg, Brentwood, and Oakley Chambers and none of them endorsed candidates.

Director Harper commented that he had tried to talk Ms. Krieg into joining the Antioch Chamber years ago with the idea that it was no longer involved in politics, but since that Chamber was now endorsing candidates, and he was a candidate, he suggested it was time to step back and reconsider.

Director Clare did not support the use of public funds in any way related to politics and while no money was involved, he suggested endorsement was an in-kind contribution. He recommended pulling out of the Antioch Chamber immediately as a result given that the Chamber was involved in politics. If that changed in the future, the issue of membership with the Antioch Chamber could be reconsidered.

Director Daugelli concurred that the Board should discontinue its relationship with the Antioch Chamber given the issue related to endorsements.

On the discussion, it was noted that Candidates Night was not an endorsement.

Ms. Krieg reported that staff had called all Chambers of Commerce in the State and had found that only Modesto and San Diego endorsed candidates.



Vice Chair Rocha commented that endorsement by the Executive Board of the Chamber was a clear violation, while a survey of members with respect to endorsement would be different.

Director Gray agreed that the line had to be drawn and there was a need to withdraw from the Antioch Chamber, but noted that he would abstain from a vote given that his wife was a candidate.

Ms. Krieg verified that public dollars could not be used to support political candidates.

Director Romick suggested that support was not an in-kind contribution since it did not have to be reported, although in some Chambers there were different levels of membership.

Director Clare suggested it might apply technically but the larger issue was the politics and the perception it implied because ECCTA was a member of the Antioch Chamber. He wanted to remain clear of any conflict of interest.

Director Guise suggested it was a gray area that could be interpreted in a number of ways and agreed it was important to remain clear of the implications.

Director Longmire commented that the situation was ambiguous but given the ethics training, he suggested the Board needed to avoid becoming entangled in the appearance of any type of involvement. He suggested it was important for the ECCTA Board to maintain its integrity and withdraw from the Antioch Chamber of Commerce.

When asked, Ms. Krieg verified that she had exchanged emails with the CEO of the Chamber and had spoken to him on the phone and in person.

Director Guise suggested the Antioch Chamber might not be involved in endorsements in the future and the Board might be able to rejoin the Chamber in the future.

Director Johnson requested that a letter be sent to each local Chamber of Commerce to advise that the ECCTA Board of Directors would not be a member of any Chamber that endorsed candidates.

On motion by Director Longmire, seconded by Director Clare, ECCTA Boardmembers authorized the CEO to immediately withdraw from membership in the Antioch Chamber of Commerce, carried by the following vote:

AYES: Clare, Daugelli, Guise, Harper, Johnson, Longmire, Parent, Romick, Rocha,  
Hardcastle  
NOES: None

ABSTAIN: Gray  
ABSENT: None

C. Fixed Route Bus Purchase

Ms. Krieg advised that there was available money to replace the very old coaches that would no longer be needed when the eBART Station opened in Antioch and Pittsburg, and if ordered today the new buses would be available in 24 months. She sought adoption of the resolution to authorize the CEO to contract with Gillig to purchase five additional buses.

On motion by Director Harper, seconded by Director Clare, ECCTA Boardmembers adopted Resolution 161026a authorizing the CEO to execute and deliver a purchase order to Gillig LLC, through County Connection RFP 2012-MA-02, for an amount not to exceed \$3,170,996, which includes a 10 percent contingency, for the purchase and delivery of five 40 foot low floor fixed route buses, carried by the following vote:

AYES: Clare, Daugelli, Gray, Guise, Harper, Johnson, Longmire, Parent, Romick,  
Rocha, Hardcastle  
NOES: None  
ABSTAIN: None  
ABSENT: None

D. Appointment of ECCTA's Civil Rights Officer

Ms. Krieg advised of the recommendation to designate her Executive Assistant Joe Chappelle as ECCTA's Civil Rights Officer, to be responsible for the Title VI, Environmental Justice (EJ), Equal Employment Opportunity (EEO), Disadvantaged Business Enterprises (DBE), and Limited English Proficiency (LEP) programs.

On motion by Director Clare, seconded by Director Harper, ECCTA Boardmembers adopted Resolution 161026b acknowledging the appointment of Joseph Chappelle as the Eastern Contra Costa Transit Authority Civil Rights Officer effective November 1, 2016, carried by the following vote:

AYES: Clare, Daugelli, Gray, Guise, Harper, Johnson, Longmire, Parent, Romick,  
Rocha, Hardcastle  
NOES: None  
ABSTAIN: None  
ABSENT: None

**CLOSED SESSION:** Adjourn to Closed Session

Chair Hardcastle adjourned into Closed Session at 4:42 P.M. for Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to Government

Code Section 54956.9(d)(2): (One Potential Case)

### **RETURN TO OPEN SESSION**

Chair Hardcastle reconvened the meeting at 5:05 P.M.

Ben Stock, Legal Counsel, advised that there was no reportable action from the Closed Session.

### **BOARD OF DIRECTORS COMMENTS**

Directors expressed best wishes to all for a Happy Thanksgiving Day.

Director Johnson reported that there would be a 5K run in Pittsburg on October 29, when everyone was welcome to walk or run.

Director Parent announced that *Mr. Roberts* would be performed at the Pittsburg Community Theater the weekend of November 12, and if as well received as *Fiddler on the Roof* had been, it would be very good.

Director Gray advised that he had written up some of the highlights of the APTA Annual Meeting in Los Angeles including the U.S./China competition as to how many buses they could get on the street to lower emissions by 2025; and transportation alternatives such as car sharing.

### **ADJOURNMENT**

Chair Hardcastle adjourned the meeting of the Eastern Contra Costa Transit Authority at 5:10 P.M. to December 14, 2016 at 4:00 P.M. in the ECCTA Administration Facility, 801 Wilbur Avenue, Antioch, California.

Respectfully submitted,

Anita L. Tucci-Smith

**TRI DELTA TRANSIT  
Income Statement - Comparison to Annual Budget**

As of November 30, 2016  
*(unaudited)*

	YTD Actual			YTD Budget			YTD Variance favorable/(unfavorable)			FY17 Full Year Budget			YTD % of Fiscal Year Budget			
	ECCTA	FR	DR	ECCTA	FR	DR	ECCTA	FR	DR	ECCTA	FR	DR	ECCTA	FR	DR	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>OPERATING REVENUES</b>																
Passenger Fares	\$ 1,312,404	\$ 1,127,680	\$ 184,724	\$ 1,333,427	\$ 1,136,568	\$ 196,859	\$ (21,023)	\$ (8,868)	\$ (12,135)	\$ 3,067,000	\$ 2,582,000	\$ 475,000	\$ 43%	\$ 475,000	\$ 44%	39%
Other Income	\$ 53,732	\$ -	\$ 53,732	\$ 75,000	\$ -	\$ 75,000	\$ (21,268)	\$ -	\$ (21,268)	\$ 265,000	\$ 85,000	\$ 180,000	\$ 20%	\$ 180,000	\$ 20%	30%
<b>Total Operating Revenues:</b>	\$ 1,366,136	\$ 1,127,680	\$ 238,456	\$ 1,408,427	\$ 1,136,568	\$ 271,859	\$ (42,281)	\$ (8,868)	\$ (33,403)	\$ 3,332,000	\$ 2,677,000	\$ 655,000	\$ 41%	\$ 655,000	\$ 42%	36%
<b>OPERATING EXPENSES</b>																
Purchased Transportation	\$ 4,744,355	\$ 3,670,380	\$ 1,073,975	\$ 4,830,924	\$ 3,457,660	\$ 1,373,264	\$ 86,568	\$ (212,720)	\$ 299,289	\$ 11,616,473	\$ 8,310,413	\$ 3,306,060	\$ 41%	\$ 3,306,060	\$ 44%	32%
Materials and Supplies	\$ 1,151,054	\$ 965,887	\$ 185,167	\$ 1,223,780	\$ 975,565	\$ 248,215	\$ 72,216	\$ 9,878	\$ 62,848	\$ 2,940,000	\$ 2,342,100	\$ 597,900	\$ 39%	\$ 597,900	\$ 41%	31%
Salaries & Benefits	\$ 1,554,091	\$ 1,406,148	\$ 147,943	\$ 1,764,250	\$ 1,587,750	\$ 176,500	\$ 210,159	\$ 181,602	\$ 28,557	\$ 4,234,000	\$ 3,810,600	\$ 423,400	\$ 37%	\$ 423,400	\$ 37%	35%
Services	\$ 344,218	\$ 272,698	\$ 71,520	\$ 345,419	\$ 284,169	\$ 61,250	\$ 1,201	\$ 11,471	\$ (10,270)	\$ 829,000	\$ 682,000	\$ 147,000	\$ 42%	\$ 147,000	\$ 40%	49%
Other	\$ 160,292	\$ 150,666	\$ 9,626	\$ 167,200	\$ 154,865	\$ 12,335	\$ 6,908	\$ 4,199	\$ 2,709	\$ 405,000	\$ 375,450	\$ 29,550	\$ 40%	\$ 29,550	\$ 40%	33%
Casualty and liability insurance	\$ 234,078	\$ 218,210	\$ 15,868	\$ 240,270	\$ 172,803	\$ 67,467	\$ 6,192	\$ (45,407)	\$ 51,599	\$ 539,677	\$ 382,389	\$ 157,288	\$ 43%	\$ 157,288	\$ 47%	10%
Utilities	\$ 133,185	\$ 125,950	\$ 7,235	\$ 107,000	\$ 101,000	\$ 6,000	\$ (26,185)	\$ (24,950)	\$ (1,235)	\$ 254,000	\$ 241,000	\$ 13,000	\$ 52%	\$ 13,000	\$ 52%	56%
Taxes	\$ 11,553	\$ 9,085	\$ 2,468	\$ 9,000	\$ 6,300	\$ 2,700	\$ (2,553)	\$ (2,795)	\$ 232	\$ 20,000	\$ 14,000	\$ 6,000	\$ 58%	\$ 6,000	\$ 65%	41%
<b>Total Operating Expenses:</b>	\$ 8,332,836	\$ 6,818,834	\$ 1,514,002	\$ 8,687,843	\$ 6,740,112	\$ 1,947,731	\$ 355,007	\$ (78,722)	\$ 433,729	\$ 20,838,150	\$ 16,157,952	\$ 4,680,198	\$ 40%	\$ 4,680,198	\$ 40%	32%
<b>NON-OPERATING REV</b>																
Federal Funds	\$ -	\$ -	\$ -	\$ 266,285	\$ -	\$ 266,285	\$ (266,285)	\$ -	\$ (266,285)	\$ 532,570	\$ -	\$ 532,570	\$ -	\$ -	\$ -	41%
State Funds	\$ 4,080,897	\$ 2,978,085	\$ 1,102,812	\$ 5,914,417	\$ 4,714,639	\$ 1,199,778	\$ (1,833,520)	\$ (1,736,564)	\$ (96,966)	\$ 12,568,491	\$ 9,900,420	\$ 2,668,071	\$ 32%	\$ 2,668,071	\$ 30%	32%
Local Funds	\$ 598,175	\$ 331,255	\$ 266,920	\$ 464,501	\$ 254,797	\$ 209,704	\$ 133,674	\$ 76,458	\$ 57,216	\$ 1,821,577	\$ 987,270	\$ 824,307	\$ 33%	\$ 824,307	\$ 33%	32%
Inter-Operator Agreements	\$ -	\$ -	\$ -	\$ 632,128	\$ 632,128	\$ -	\$ (632,128)	\$ -	\$ -	\$ 2,528,512	\$ 2,528,512	\$ -	\$ 10%	\$ -	\$ -	4%
Interest & Other Misc Income	\$ 5,748	\$ 2,071	\$ 3,677	\$ 2,085	\$ 1,980	\$ 105	\$ 3,663	\$ 91	\$ 3,572	\$ 55,000	\$ 54,750	\$ 250	\$ 27%	\$ 250	\$ 4%	147%
<b>Total Non-operating Revenues:</b>	\$ 4,684,820	\$ 3,311,411	\$ 1,373,409	\$ 7,279,416	\$ 5,603,544	\$ 1,675,872	\$ (2,594,595)	\$ (2,292,133)	\$ (302,463)	\$ 17,506,150	\$ 13,480,952	\$ 4,025,198	\$ 27%	\$ 4,025,198	\$ 25%	34%
<b>EXCESS REV/(EXP)</b>	\$ (2,281,860)	\$ (2,379,743)	\$ 97,883	\$ -	\$ -	\$ -	\$ (2,281,860)	\$ (2,379,743)	\$ 97,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Agenda Item #5b  
Eastern Contra Costa Transit Authority  
Board of Directors Meeting  
December 14, 2016

**TRI DELTA TRANSIT**  
**Income Statement - Comparison to Prior Year**  
 As of November 30, 2016  
*(unaudited)*

	November 2016 YTD Actual			November 2015 YTD Actual			FY17 vs FY16 - YTD			% Change from Previous Year		
	ECCTA	FR	DR	ECCTA	FR	DR	ECCTA	FR	DR	ECCTA	FR	DR
<b>OPERATING REVENUES</b>												
Passenger Fares	\$ 1,312,404	\$ 1,127,680	\$ 184,724	\$ 1,373,007	\$ 1,158,524	\$ 214,483	\$ (60,603)	\$ (30,844)	\$ (29,759)	\$ -4%	\$ -3%	\$ -14%
Other Income	\$ 53,732	\$ -	\$ 53,732	\$ 55,123	\$ -	\$ 55,123	\$ (1,391)	\$ -	\$ (1,391)	\$ 0%	\$ 0%	\$ 0%
<b>Total Operating Revenues:</b>	<b>\$ 1,366,136</b>	<b>\$ 1,127,680</b>	<b>\$ 238,456</b>	<b>\$ 1,428,130</b>	<b>\$ 1,158,524</b>	<b>\$ 269,606</b>	<b>\$ (61,994)</b>	<b>\$ (30,844)</b>	<b>\$ (31,150)</b>	<b>\$ -4%</b>	<b>\$ -3%</b>	<b>\$ -12%</b>
<b>OPERATING EXPENSES</b>												
Purchased Transportation	\$ 4,744,355	\$ 3,670,380	\$ 1,073,975	\$ 4,801,085	\$ 3,369,373	\$ 1,431,712	\$ 56,730	\$ (301,007)	\$ 357,737	\$ 1%	\$ -9%	\$ 25%
Materials and Supplies	\$ 1,151,054	\$ 965,687	\$ 185,367	\$ 1,177,318	\$ 952,839	\$ 224,479	\$ 26,264	\$ (12,848)	\$ 39,112	\$ 2%	\$ -1%	\$ 17%
Salaries & Benefits	\$ 1,554,091	\$ 1,406,148	\$ 147,943	\$ 1,583,269	\$ 1,420,527	\$ 162,742	\$ 29,178	\$ 14,379	\$ 14,799	\$ 2%	\$ 1%	\$ 9%
Services	\$ 344,218	\$ 272,698	\$ 71,520	\$ 319,337	\$ 246,402	\$ 72,935	\$ (24,881)	\$ (26,296)	\$ 1,415	\$ -8%	\$ -11%	\$ 2%
Other	\$ 160,292	\$ 150,666	\$ 9,626	\$ 127,707	\$ 120,629	\$ 7,078	\$ (32,885)	\$ (30,037)	\$ (2,548)	\$ -26%	\$ -25%	\$ -36%
Casualty and liability insurance	\$ 234,078	\$ 218,210	\$ 15,868	\$ 212,156	\$ 177,698	\$ 34,458	\$ (21,922)	\$ (40,512)	\$ 18,590	\$ -10%	\$ -23%	\$ 54%
Utilities	\$ 133,185	\$ 125,950	\$ 7,235	\$ 108,071	\$ 102,593	\$ 5,478	\$ (25,114)	\$ (23,357)	\$ (1,757)	\$ -23%	\$ -23%	\$ -32%
Taxes	\$ 11,563	\$ 9,095	\$ 2,468	\$ 11,858	\$ 9,234	\$ 2,624	\$ 295	\$ 139	\$ 156	\$ 2%	\$ 2%	\$ 6%
<b>Total Operating Expenses:</b>	<b>\$ 8,332,836</b>	<b>\$ 6,818,834</b>	<b>\$ 1,514,002</b>	<b>\$ 8,340,801</b>	<b>\$ 6,399,295</b>	<b>\$ 1,941,506</b>	<b>\$ 7,965</b>	<b>\$ (419,539)</b>	<b>\$ 427,504</b>	<b>\$ 0%</b>	<b>\$ -7%</b>	<b>\$ 22%</b>
<b>NON-OPERATING REV</b>												
Federal Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0%	\$ 0%	\$ 0%
State Funds	\$ 4,080,897	\$ 2,978,085	\$ 1,102,812	\$ 4,112,887	\$ 3,088,811	\$ 1,024,076	\$ (31,990)	\$ (110,726)	\$ 78,736	\$ 0%	\$ 0%	\$ 0%
Local Funds	\$ 598,175	\$ 331,255	\$ 266,920	\$ 934,649	\$ 508,213	\$ 426,436	\$ (336,474)	\$ (176,958)	\$ (159,516)	\$ 0%	\$ 0%	\$ 0%
Inter-Operator Agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0%	\$ 0%	\$ 0%
Interest & Other Misc Income	\$ 5,748	\$ 2,071	\$ 3,677	\$ 2,219	\$ 2,124	\$ 95	\$ 3,529	\$ (53)	\$ 3,582	\$ 159%	\$ -2%	\$ 3771%
<b>Total Non-operating Revenues:</b>	<b>\$ 4,684,820</b>	<b>\$ 3,311,411</b>	<b>\$ 1,373,409</b>	<b>\$ 5,049,755</b>	<b>\$ 3,599,148</b>	<b>\$ 1,450,607</b>	<b>\$ (364,935)</b>	<b>\$ (287,737)</b>	<b>\$ (77,198)</b>	<b>\$ -7%</b>	<b>\$ -8%</b>	<b>\$ -5%</b>
<b>EXCESS REV/(EXP)</b>	<b>\$ (2,281,880)</b>	<b>\$ (2,379,743)</b>	<b>\$ 97,863</b>	<b>\$ (1,862,916)</b>	<b>\$ (1,641,623)</b>	<b>\$ (221,293)</b>	<b>\$ (418,964)</b>	<b>\$ (738,120)</b>	<b>\$ 319,156</b>			

**OPERATING REVENUES**

Passenger Fares  
 Other Income  
 Total Operating Revenues:

**OPERATING EXPENSES**

Purchased Transportation  
 Materials and Supplies  
 Salaries & Benefits  
 Services  
 Other  
 Casualty and liability insurance  
 Utilities  
 Taxes  
 Total Operating Expenses:


**NON-OPERATING REV**

Federal Funds  
 State Funds  
 Local Funds  
 Inter-Operator Agreements  
 Interest & Other Misc Income  
 Total Non-operating Revenues:

**EXCESS REV/(EXP)**

Agenda Item #5b  
 Eastern Contra Costa Transit Authority  
 Board of Directors Meeting  
 December 14, 2016

## Staff Report to ECCTA Board of Directors

**Meeting Date:** December 14, 2016  
**Agenda Item:** Marketing/Communications Activities – Agenda Item 5c  
**Lead Staff:** Mike Furnary, Director of Marketing  
**Approved:** Jeanne Krieg, Chief Executive Officer 

### I. Completed & Planned Marketing Activities-Nov/Dec 2016

- 1. Holiday Shopping Guide and Contest**  
Printed and delivered customer insert promoting bus service to major shopping centers during the holiday season. Included promotional contest element for a chance to win an XBOX One.
- 2. HD housing direct mail execution**  
Completed the second of two scheduled direct mail marketing efforts targeting high density households in East County. Results of the promotion will be available in January.
- 3. Web Site Redesign Launch**  
The launch of the revised web site is planned for the end of December. The new web site will provide easier access to customer information including service alerts. The new site also allows for simpler input of information.
- 4. Holiday Scavenger Hunt Promotion**  
Administering holiday-themed promotion: riders have an opportunity to win free passes and Visa gift cards by locating prize boxes hidden at bus stops and Ticket Connection locations. Clues will be provided daily via social media Dec 12-23 as to the location of each box.
- 5. New Bus Preparation**  
Completed preparation of new buses for revenue service.
- 6. Paratransit Survey**  
A comprehensive survey of current paratransit customers was completed. The results are being analyzed and will be used to provide input into improving service.
- 7. Future System Redesign Planning**  
Development of new materials for future system redesign continued including new system maps and individual route maps needed for future schedules and communications.
- 8. Class Pass/Facility Tour**  
One class pass trip was scheduled and provided.
- 9. Ongoing marketing programs**  
- Welcome Pack mailing

- 2 for 1 tickets on Route 300 (subsidized by 511 Contra Costa)
- Take One on-board newsletter
- Gatekeeper quarterly newsletter

## **II. Planned Marketing/Communications Activities**

1. New schedule preparation: design & print in February 2017
2. Advertising trade agreements for 2017
3. Try Transit Challenge (511 Contra Costa)
4. Web site redesign
5. LMC table-top event
6. Advertising sales report for 2016
7. Local employer New Employee Welcome Pack project
8. Farebox resolution communication project

# **TAB 2**

Agenda Item 6a  
CEO's REPORT: Operations Report

## **Board of Directors Meeting**

Wednesday December 14, 2016

ECCTA Boardroom  
801 Wilbur Avenue, Antioch, CA 94509



# Chief Executive Officer's Report

November - December 2016



TRI DELTA TRANSIT

## ECCTA Executive Team

Jeanne Krieg  
*Chief Executive Officer*

Steve Ponte  
*Chief Operating Officer*

Tom Harais  
*Chief Financial Officer*

Ann Hutcheson  
*Director of  
Administrative Services*

Kevin Moody  
*Director of  
Maintenance*

Mike Furnary  
*Director of Marketing*

Susan Hinson  
*First Transit  
Director of Operations*

## Highlights:

- ECCTA's computer disaster recovery plan was updated.
- An extensive survey of paratransit customers was conducted. Results are being analyzed and will be presented in January.
- Many marketing promotions were implemented including *Holiday Shopper*, *High Density Housing Free Pass*, and *Holiday Scavenger Hunt*.
- ECCTA's Emergency Operations Center was activated to conduct a functional exercise with Contra Costa County, local police departments, PG&E, first responders, and other entities.
- I was appointed to chair APTA's Awards Committee.
- All twenty 2016 Gillig low floor buses are in service.
- Tablets were installed on all paratransit vehicles per the new contract with First Transit. Drivers have better access to manifests, maps, and other important tools.
- Two new employees began working at Tri Delta Transit: Receiving Clerk Mike Gonsalves and Mechanic Manuel Contreras.
- An RFB was published for the electric charging stations.
- The Clipper small operators subgroup, which includes all small operators in the nine county Bay Area, continues to meet on a regular basis.
- The advisory team for the Contra Costa Mobility Management project continues to meet.
- The UC Berkeley PATH Integrated Dynamic Transit Operations system demonstration project that will use Tri Delta Transit as the subject continued. CCTA is overseeing the Caltrans-funded project that will demonstrate Transit Connect, Dynamic Dispatch, and Dynamic Rideshare in east county.

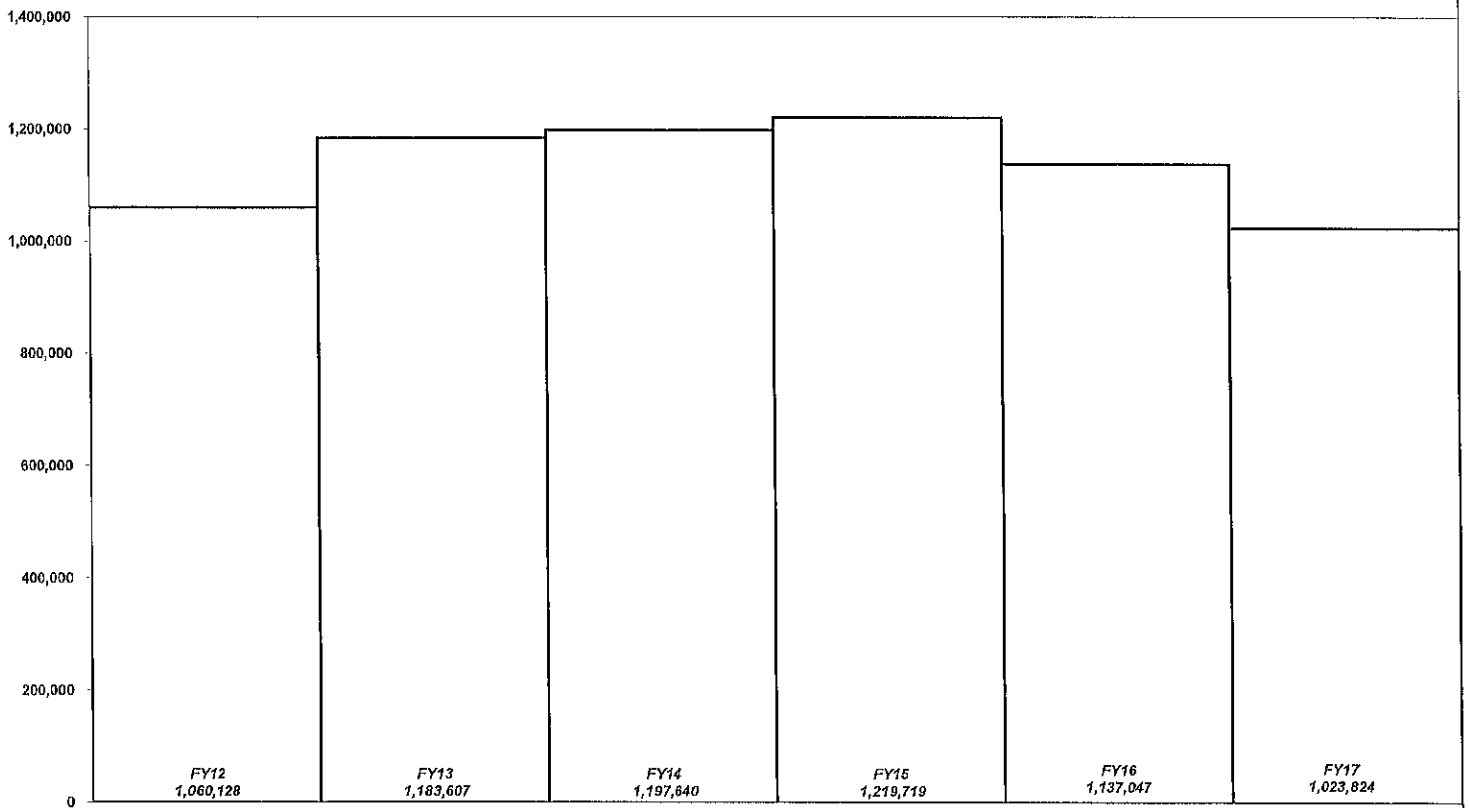
## Pending:

- Facility Solar System
- PG&E electric extension
- Electric bus procurement
- Website update
- Service to Brentwood LMC campus (August 2018)
- Next generation of Clipper (2019)
- Service to eBART stations in Pittsburg and Antioch (2017)
- FTA's Safety Program
- A&E: Antioch Park & Ride lot (in process)
- CCTA Express Bus Study (update to the 2001 study)
- Oakley Park & Ride lot construction
- BART Parking & Connectivity Committee
- Paratransit subcommittee
- Radio spectrum sale contract
- Federal grants

*Agenda Item #6a  
Eastern Contra Costa Transit Authority  
Board of Directors Meeting  
December 14, 2016*

# TRI DELTA TRANSIT

## FIVE MONTH YTD FR RIDERSHIP



**EASTERN CONTRA COSTA TRANSIT AUTHORITY  
KEY PERFORMANCE INDICATORS BY SERVICE**

	Actual							Budget 16/17	16/17B % ▲	YTD COMPARISON		
	11/12	12/13	13/14	14/15	15/16	Actual				% ▲		
						Nov-15	Nov-16					
<b>DIAL-A-RIDE</b>												
<b>PASSENGERS</b>												
Total DAR Trips Provided	130,619	128,999	131,476	133,769	131,917	132,000	0%		54,690	54,899	0%	
Average Weekday Ridership	481	470	471	487	489	487	0%		489	494	1%	
Average Sat Ridership	106	140	180	153	118	124	5%		124	102	-17%	
Average Sun/Hol Ridership	71	72	68	63	49	51	3%		44	47	7%	
Average Passengers/Hour (wkdays DAR Only)	2.1	2.1	2.3	2.4	2.5	2.5	2%		2.6	2.8	8%	
<b>CUSTOMER SERVICE</b>												
Ride Refusals / Day	0.0	0.0	0.0	0.0	0.0	0.0	0%		0.0	0.0	0%	
Customer Complaints	0.183%	0.097%	0.071%	0.103%	0.114%	0.109%	-5%		0.112%	0.337%	202%	
On Time Performance	85%	87%	89%	87%	85%	90%	6%		86%	85%	-1%	
<b>MAINTENANCE</b>												
Gallons of Fuel Consumed	116,392	139,678	145,043	138,528	135,809	142,880	5%		57,318	54,191	-5%	
Miles Between Preventable Accidents	898,467	328,002	244,390	162,293	159,143	200,000	26%		98,939	313,732	217%	
Miles Between Road calls	56,154	109,568	61,109	139,113	190,963	100,000	0%		79,153	313,732	296%	
<b>COST RATIOS</b>												
Farebox Recovery Ratio	11%	11%	10%	10%	10%	10%	0%		11%	12%	10%	
\$/Gal Fuel	\$ 3.84	\$ 3.81	\$ 3.67	\$ 3.09	\$ 2.59	\$ 2.75	6%		\$ 2.89	\$ 2.32	-20%	
Operating Cost/Passenger	\$ 30.58	\$ 33.22	\$ 35.25	\$ 34.18	\$ 34.41	\$ 35.46	3%		\$ 35.50	\$ 27.58	-22%	
Operating Cost/Revenue Hour	\$ 64.34	\$ 63.52	\$ 68.75	\$ 69.81	\$ 72.26	\$ 74.35	3%		\$ 74.74	\$ 66.60	-11%	
Operating Cost/Revenue Mile	\$ 5.22	\$ 5.36	\$ 5.76	\$ 5.74	\$ 5.85	\$ 5.98	2%		\$ 5.97	\$ 4.78	-20%	
<b>FIXED ROUTE</b>												
<b>PASSENGERS</b>												
Total FR Trips Provided	2,431,768	2,740,834	2,832,264	2,806,028	2,574,864	2,613,485	1%		1,137,047	1,023,824	-10%	
Average Weekday Ridership	8,594	9,616	9,930	9,794	8,999	9,113	1%		9,522	8,626	-9%	
Average Sat Ridership	2,753	3,232	3,464	3,498	3,061	3,144	3%		3,377	2,883	-15%	
Average Sun/Hol Ridership	2,087	2,788	2,692	2,787	2,501	2,537	1%		2,709	2,344	-13%	
Average Passengers/Hour	15.9	17.7	19.0	19.2	17.8	17.9	1%		19.0	17.2	-9%	
<b>CUSTOMER SERVICE</b>												
Customer Complaints	0.023%	0.012%	0.009%	0.009%	0.009%	0.009%	0%		0.009%	0.027%	189%	
On Time Performance	86%	86%	92%	92%	92%	90%	-2%		90%	79%	-12%	
<b>MAINTENANCE</b>												
Gallons of Fuel Consumed	636,276	562,702	603,013	600,072	606,378	597,267	-2%		253,590	253,883	0%	
Miles Between Preventable Accidents	120,644	65,392	110,754	98,066	97,469	100,000	3%		125,604	102,040	-19%	
Miles Between Road calls	32,481	42,844	67,684	41,553	27,690	50,000	81%		40,193	17,007	-58%	
<b>COST RATIOS</b>												
Farebox Recovery Ratio	16%	18%	18%	18%	18%	16%	-10%		18%	17%	-9%	
\$/Gal Fuel	\$ 3.52	\$ 3.95	\$ 3.48	\$ 2.77	\$ 1.96	\$ 2.00	2%		\$ 2.14	\$ 1.96	-8%	
Operating Cost/Passenger	\$ 6.60	\$ 6.01	\$ 5.58	\$ 5.54	\$ 5.98	\$ 6.18	3%		\$ 5.63	\$ 6.66	18%	
Operating Cost/Revenue Hour	\$ 105.05	\$ 106.53	\$ 105.76	\$ 106.36	\$ 106.33	\$ 110.94	4%		\$ 106.86	\$ 114.52	7%	
Operating Cost/Revenue Mile	\$ 7.46	\$ 7.98	\$ 7.71	\$ 7.62	\$ 7.49	\$ 7.83	5%		\$ 7.53	\$ 8.11	8%	

**TRI DELTA TRANSIT  
COMPARATIVE YTD FR RIDERSHIP BY ROUTE**

<b>TOTAL PASSENGER TRIPS</b>													
ROUTE	11/12		12/13		13/14		14/15		15/16		YTD COMPARISON		
	Trips	% Chg	Trips	% Chg	Trips	% Chg	Trips	% Chg	Trips	% Chg	Nov-15	Nov-16	% Chg
200	37,682	4%	55,322	47%	55,914	1%	54,167	-3%	48,866	-10%	21,028	19,098	-9%
201	110,660	5%	119,977	8%	124,289	4%	112,116	-10%	116,301	4%	47,893	49,629	4%
300	302,067	4%	290,313	-4%	328,582	13%	353,802	8%	340,127	-4%	145,535	148,733	2%
379	10,235	-16%	15,232	49%	6,759	-56%	3,223	-52%	3,659	14%	1,835	857	0%
380	584,779	3%	680,981	16%	682,650	0%	666,704	-2%	606,012	-9%	266,603	239,568	-10%
383	34,210	263%	35,031	2%	32,073	-8%	30,200	-6%	25,830	-14%	10,867	9,775	-10%
384	26,201	2%	8,227	-69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
385	36,481	-1%	61,388	68%	70,974	16%	68,013	-4%	66,045	-3%	29,810	24,383	-18%
386	3,042	-35%	2,172	-29%	1,902	-12%	1,583	-17%	1,507	-5%	571	496	-13%
387	212,731	9%	262,396	23%	264,036	1%	257,944	-2%	233,185	-10%	102,178	88,523	-13%
388	320,981	3%	366,041	14%	400,190	9%	370,128	-8%	327,585	-11%	147,808	126,596	-14%
389	46,723	-3%	53,255	14%	53,068	0%	51,480	-3%	45,836	-11%	20,799	17,094	-18%
390	52,650	7%	68,564	30%	72,054	5%	71,211	-1%	70,022	-2%	29,903	29,988	0%
391	346,080	4%	370,500	7%	386,640	4%	402,579	4%	360,256	-11%	160,796	139,398	-13%
Dimes a Ride	11,328	-11%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Delta Express (Hac)	11,831	-36%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Shuttles	9,446	3%	4,941	-48%	3,370	-32%	5,375	59%	13,410	149%	4,637	2,956	-36%
392	112,330	6%	133,569	19%	142,284	7%	142,650	0%	124,708	-13%	57,479	50,479	-12%
393	111,697	7%	135,181	21%	133,078	-2%	141,281	6%	126,653	-10%	59,088	51,614	-13%
394	50,614	8%	71,557	41%	64,904	-9%	63,087	-3%	53,894	-15%	24,400	21,467	-12%
395	N/A	N/A	6,187	100%	9,497	100%	10,485	100%	10,968	100%	5,817	3,170	-46%
<b>Total Fixed Route</b>	<b>2,431,768</b>	<b>3%</b>	<b>2,740,834</b>	<b>13%</b>	<b>2,832,264</b>		<b>2,808,029</b>	<b>-1%</b>	<b>2,574,865</b>	<b>-8%</b>	<b>1,137,047</b>	<b>1,023,824</b>	<b>-10%</b>

<b>AVERAGE PASSENGERS PER REVENUE HOUR</b>													
ROUTE	11/12		12/13		13/14		14/15		15/16		YTD COMPARISON		
	APRH	% Chg	APRH	% Chg	APRH	% Chg	APRH	% Chg	APRH	% Chg	Nov-15	Nov-16	% Chg
200	10.3	3%	12.6	22%	12.5	-1%	12.6	1%	11.5	-9%	12.0	10.8	-10%
201	19.7	3%	17.8	-10%	17.9	1%	17.0	-5%	16.1	-5%	17.6	14.6	-17%
300	15.8	4%	15.8	0%	18.6	18%	20.3	10%	19.6	-4%	20.2	20.7	3%
379	9.8	-26%	10.7	9%	16.8	57%	26.5	57%	30.6	15%	39.5	19.0	-52%
380	17.4	5%	20.2	16%	20.6	2%	20.2	-2%	18.7	-7%	19.9	18.3	-8%
383	9.7	-13%	10.2	5%	12.6	23%	13.0	3%	11.6	-11%	11.7	10.9	-7%
384	10.2	7%	14.6	43%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
385	11.1	-7%	11.9	7%	12.9	8%	12.3	-4%	11.4	-8%	12.3	10.2	-17%
386	3.9	-36%	3.6	-7%	6.3	74%	6.3	1%	6.6	5%	6.3	5.6	-10%
387	19.6	11%	22.8	16%	23.7	4%	23.3	-2%	21.7	-7%	22.9	21.1	-8%
388	15.5	3%	17.1	10%	18.2	7%	17.4	-5%	16.2	-7%	17.6	15.4	-13%
389	13.6	-8%	13.4	-1%	14.4	8%	15.4	7%	14.4	-6%	15.8	13.2	-17%
390	10.7	9%	18.6	73%	20.8	12%	21.5	3%	21.4	-1%	22.0	23.1	5%
391	18.7	11%	19.6	5%	20.5	4%	21.9	7%	19.7	-10%	21.3	18.7	-12%
Dimes a Ride	10.9	36%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Delta Express (Hac)	8.1	-10%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Shuttles	N/A	N/A	N/A	N/A	6.4	N/A	30.7	383%	23.6	-23%	24.5	16.4	0%
392	15.2	1%	17.6	16%	19.1	9%	18.9	-1%	16.7	-12%	18.1	15.6	-14%
393	16.4	5%	17.5	7%	17.5	0%	18.7	7%	16.8	-10%	18.4	16.1	-12%
394	11.7	9%	15.0	28%	17.0	13%	15.9	-7%	13.9	-13%	14.7	13.5	-8%
395	N/A	N/A	12.0	N/A	16.2	N/A	16.4	1%	17.1	5%	21.3	11.7	-45%
<b>Total Fixed Route</b>	<b>15.9</b>	<b>5%</b>	<b>17.7</b>	<b>12%</b>	<b>19.0</b>	<b>7%</b>	<b>19.2</b>	<b>1%</b>	<b>17.8</b>	<b>-7%</b>	<b>19.0</b>	<b>17.2</b>	<b>-9%</b>

# **TAB 3**

Agenda Item 7a  
ACTION ITEM: Fuel Hedging

Resolution 161214a

## **Board of Directors Meeting**

Wednesday December 14, 2016


ECCTA Boardroom  
801 Wilbur Avenue, Antioch, CA 94509

## **Staff Report to ECCTA Board of Directors**

**Meeting Date:** December 14, 2016

**Agenda Item:** Item 7a, Authorization to Implement a Fuel Hedging Program

**Lead Staff:** Tom Harais, Chief Financial Officer

**Approved:** Jeanne Krieg, Chief Executive Officer 

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### **Background**

The table on the next page shows the comparative component costs of line items for fixed route service at ECCTA. The amounts shown are in \$thousands except for the average price per gallon for fuel (exclusively diesel for FR service) which is denominated in dollars.

Fuel is the third largest cost component of our service. And, it is one of the most variable. In the eight years worth of data above, diesel fuel cost has varied by 87%! This volatility makes planning for this item difficult and unreliable.

We create an annual budget based on the then current fuel price we are paying and allowing for a substantive price increase during the year. We do this to avoid the effects of any unfavorable fluctuations above budget in diesel fuel prices during the budget year and the impact that could have on our planned operations. While this avoids material under budgeting and, for the last two or three years has provided substantial favorable variances, there remains the possibility that fuel prices could spike rapidly upward ahead of budget and force us to make cuts during the year elsewhere or draw from our reserves to maintain planned service levels. Even if fuel prices fall below budgeted rates, we have unnecessarily tied up precious operating funding within our plan that would be otherwise available for use elsewhere.

## Fiscal Year

	As of 09/30									
	2010	2011	2012	2013	2014	2015	2016	2017		
<b>FR Operating Expenses</b>										
Purchase Transportation	\$ 7,254	50% \$ 7,341	7,535	7,769	7,817	7,935	8,738	2,220	57%	2,220
ECCTA Labor	2,810	20% 3,296	3,585	3,641	3,488	3,413	3,454	858	22%	858
<b>Fuel</b>	1,574	11% 1,986	2,221	2,221	2,097	1,661	1,187	420	8%	420
Parts & Materials	1,283	9% 1,214	1,336	1,313	796	930	1,056	192	7%	192
Outside Services	462	3% 497	485	611	642	657	630	173	4%	173
Insurance	383	3% 412	333	340	379	346	397	144	3%	144
Other Costs	632	4% 621	550	599	585	595	(46)	184	0%	184
<b>Total FR Operating Exp</b>	<b>\$ 14,397</b>	<b>100% \$ 15,372</b>	<b>16,046</b>	<b>16,495</b>	<b>15,804</b>	<b>15,535</b>	<b>15,416</b>	<b>4,190</b>	<b>100%</b>	<b>4,190</b>
Gallons of Fuel Used	636	639	636	563	603	600	606	156		156
Avg \$/Gallon	\$ 2.48	\$ 3.11	\$ 3.49	\$ 3.95	\$ 3.48	\$ 2.77	\$ 1.96	\$ 2.69		\$ 2.69

## **Proposal**

We cannot control the price of fuel or the relative volatility that the fuel market represents. However, we can better plan for a price we will pay and relieve some of the strain that such price fluctuations might impose on our planning and operations.

We can do this by “hedging”, the buying and selling fuel contracts at a forward price in advance of our needs. This is not to be confused with investing, speculating or gambling. This is a planning tool. Our futures contracts would be as likely to lose money as to make money. But, our actual fuel purchases will move inversely proportional to the price of the contracts, thus offsetting fuel price variances such that we can plan on a more stabilized overall cost for our diesel fuel.

Consumer hedging is an insurance policy to maintain our overall fuel costs within a narrower range into the future than allowed by simple, open market procurements. It’s a way of smoothing over the volatility of diesel fuel prices when we actually procure diesel fuel. It only requires tying up a small amount of our cash in advance and paying a small advisory fee for an expert opinion to accomplish this.

This is a common practice of producers in various commodities markets to ensure the future price they receive for their product so that they can better plan and operate their endeavors. Southwest Airlines has engaged in fuel price hedging for years which has helped to make them the most profitable airline. There are other public transit bus operators that are hedging today.

We lack the necessary expertise within our staff for such trading. So, we have worked with Jeff Lemunyon the principal at Linwood Capital for several years in an effort to model a hedging strategy that might be beneficial for ECCTA.

We have him here today to make a formal proposal and a process for ECCTA to use. Mr. Lemunyon is a recognized professional in this field and has solid references. We ask that you listen to his presentation and then authorize staff to engage his services and begin hedging using diesel fuel futures contracts to help us better plan for fuel pricing in our fixed route service.

We are not planning to use futures contracts for unleaded gasoline, the fuel of our paratransit fleet, because the volume is too small. (diesel  $\approx$  600,000 gallons per year, gasoline  $\approx$  150,000 gallons per year).

## **Requested Action**

At this time, we ask the board to approve Resolution 161214a allowing staff to begin hedging forward costs for diesel fuel as we head into a new year.





# TRI DELTA TRANSIT

Eastern Contra Costa Transit Authority  
801 Wilbur Avenue • Antioch, California 94509  
Phone 925.754.6622 Fax 925.757.2530

## RESOLUTION #161214a

**Resolution 161214a adopts a Statement of Policy & Strategy for Fuel Hedging and authorizes the CEO to begin engaging in fuel hedging for the purpose of stabilizing the cost of diesel fuel for the agency over time.**

**WHEREAS**, Eastern Contra Costa Transit Authority wishes to engage in the purchase of forward fuel commodities contracts as a planning tool to stabilize fluctuating fuel prices; and

**WHEREAS**, sound policy for engaging in commodities contracts requires that ECCTA adopt a Strategy for Fuel Hedging and Statement of Policy; and,

**WHEREAS**, sound policy for engaging in commodities trading requires professional advice outside of the ECCTA;

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Eastern Contra Costa Transit Authority to adopt resolution #161214a approving the adoption of the Statement of Policy & Strategy for Fuel Hedging; authorizing the CEO to open a commodities trading account with a suitable broker for the purpose of buying and selling fuel contracts; and, authorizing the CEO or her designee to enter into an advisory contract with Linwood Capital, LLC to advise ECCTA on the timing and execution of such contracts.

PASSED AND ADOPTED THIS 14<sup>th</sup> day of December 2016, by the following votes:

### EASTERN CONTRA COSTA TRANSIT AUTHORITY

\_\_\_\_\_  
Doug Hardcastle, Chair

\_\_\_\_\_  
Jeanne Krieg, CEO

**AYES:** \_\_\_\_\_  
**NOES:** \_\_\_\_\_  
**ABSENT:** \_\_\_\_\_  
**ABSTENTIONS:** \_\_\_\_\_

# **TAB 4**

Agenda Item 7b

**ACTION ITEM: Fixed Route Bus Disposal**

Resolution 161214b


## **Board of Directors Meeting**

**Wednesday December 14, 2016**

**ECCTA Boardroom**

**801 Wilbur Avenue, Antioch, CA 94509**

## **Staff Report to ECCTA Board of Directors**

**Meeting Date:** December 14, 2016  
**Agenda Item:** Fixed Route Bus Disposal - Agenda Item #7b  
**Lead Staff:** Ann Hutcheson, Director of Administrative Services  
**Approved:** Jeanne Krieg, Chief Executive Officer 

---

### **Background**

- ECCTA has twenty fixed route buses that have reached the end of their useful life.
- ECCTA plans to keep one of these buses to use for Community Outreach to promote public transit.
- ECCTA recently acquired twenty new low floor Gillig buses which are now in service in place of the retiring buses.

### **Staff Recommendation**

Sell nineteen retired fixed route buses to the highest legally qualified buyer(s). The award for these buses will be made either separately or as one award based on what is most advantageous to ECCTA.

### **Recommendation**

Adopt Resolution #161214b authorizing the disposal of nineteen fixed route buses.



# TRI DELTA TRANSIT

Eastern Contra Costa Transit Authority  
801 Wilbur Avenue • Antioch, California 94509  
Phone 925.754.6622 Fax 925.757.2530

## **RESOLUTION #161214b FIXED ROUTE BUS DISPOSAL**

**Resolution #161214b authorizes the disposal of nineteen fixed route buses.**

**WHEREAS**, EASTERN CONTRA COSTA TRANSIT AUTHORITY (ECCTA) has nineteen Gillig fixed route buses that have reached the end of their useful life; and

**WHEREAS**, Eastern Contra Costa County Transit Authority (ECCTA) desires to obtain the authority to sell said buses to any legally qualified interested member of the public pursuant to the authority conferred by its Joint Exercise of Powers Agreement.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Eastern Contra Costa Transit Authority to adopt resolution #161214b authorizing staff to conduct a sale of said buses in accordance with the following provisions:

- A. The sale of the nineteen buses shall be made as a group or individually for cash payable by the highest legally qualified bidder. This may be at a public auction or through public advertising.
- B. The award for the sale of the buses will be made either separately or as one award based on what is most advantageous to ECCTA.
- C. Payment shall be made by the successful bidder(s) in the form of a certified or cashier's check made payable to ECCTA, and each purchaser shall forthwith take all steps which are necessary in order to transfer title and registration to each purchased bus to the purchaser, and each purchaser shall further be responsible for paying, in addition to the purchase price, any and all sales or use taxes which may be required by the Department of Motor Vehicles in order to transfer title and ownership of each bus to its buyer.

PASSED AND ADOPTED THIS 14th day of December 2016, by the following votes:

### **EASTERN CONTRA COSTA TRANSIT AUTHORITY**

\_\_\_\_\_  
Doug Hardcastle, Chair

\_\_\_\_\_  
Jeanne Krieg, CEO

**AYES:** \_\_\_\_\_  
**NOES:** \_\_\_\_\_  
**ABSENT:** \_\_\_\_\_  
**ABSTENTIONS:** \_\_\_\_\_

# **TAB 5**

Agenda Item 7c

**ACTION ITEM: Facility Shop Equipment Maintenance and  
As-Needed Repairs**

Resolution 161214c

## **Board of Directors Meeting**

**Wednesday December 14, 2016**


**ECCTA Boardroom  
801 Wilbur Avenue, Antioch, CA 94509**

## **Staff Report to ECCTA Board of Directors**

**Meeting Date:** December 14, 2016

**Agenda Item:** Shop Equipment Maintenance Contract - Agenda Item #7c

**Lead Staff:** Ann Hutcheson, Director of Administrative Services

**Approved:** Jeanne Krieg, Chief Executive Officer 

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### **Background**

ECCTA is currently using the original equipment installer to perform maintenance and repairs on the shop equipment. Since there are no longer warranties on this equipment, it is necessary to offer this contract opportunity to all vendors.

### **Process**

- October 3, 2016, IFB # 2016-003: Facility Shop Equipment Maintenance and As-Needed Repairs was mailed to 6 firms, publicly advertised, and posted on ECCTA's web site.
- October 18, 2016: One firm attended a pre-bid meeting.
- November 28, 2016: ECCTA received bids from two firms.

After reviewing the bid documents, one bid was rejected for being non-responsive to the bid requirements. The rejected bidder filed a protest and, if the protest process is completed as scheduled by December 13, 2016, the Board of Directors can make a contract award to the recommended bidder.

### **Staff Recommendation**

Pending the finalization of the bid award process, ECCTA staff recommends that Facility Shop Maintenance and As-Needed Repairs contract be awarded to Walker's Hydraulics Inc, the most responsive and responsible bidder, for \$16,156 for year one.

### **Recommendation**

Adopt Resolution #161214c authorizing the CEO to execute and deliver a five year contract for Shop Equipment Maintenance to Walker's Hydraulics Inc. for \$16,156 for year one with a San Francisco Bay Area CPI price increase allowed for years two through five.

**Agenda Item #7b**  
*Eastern Contra Costa Transit Authority  
Board of Directors Meeting  
December 14<sup>th</sup>, 2016*



# TRI DELTA TRANSIT

Eastern Contra Costa Transit Authority  
801 Wilbur Avenue • Antioch, California 94509  
Phone 925.754.6622 Fax 925.757.2530

## **RESOLUTION #161214c AUTHORIZATION FOR AWARD OF CONTRACT FOR SHOP EQUIPMENT MAINTENANCE AND AS-NEEDED REPAIRS**

**Resolution #161214c authorizes the CEO to execute and deliver a five year contract for Shop Equipment Maintenance and As-Needed Repairs to Walker’s Hydraulics, Inc.**

WHEREAS, on October 3, 2016, ECCTA published an Invitation for Bid (IFB) #2016-003 for Shop Equipment Maintenance and As-Needed Repairs; and

WHEREAS, the process followed all requirements established by ECCTA Purchasing Policies; and

WHEREAS, Walker’s Hydraulics, Inc. is the recommendation of ECCTA staff as the most responsive and responsible bidder.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. ECCTA does hereby award a five year contract for Shop Equipment Maintenance and As-Needed Repairs to Walker’s Hydraulics, Inc. at its bid price of \$16,156 for year one with a San Francisco Bay Area CPI price increase allowed for years two through five.
2. ECCTA hereby grants the CEO the authorization to execute and deliver a contract to Walker’s Hydraulics, Inc.

PASSED AND ADOPTED THIS 14<sup>th</sup> day of December 2016, by the following votes:

### **EASTERN CONTRA COSTA TRANSIT AUTHORITY**

\_\_\_\_\_  
Doug Hardcastle, Chair

\_\_\_\_\_  
Jeanne Krieg, CEO

**AYES:** \_\_\_\_\_  
**NOES:** \_\_\_\_\_  
**ABSENT:** \_\_\_\_\_  
**ABSTENTIONS:** \_\_\_\_\_

# **TAB 6**

Agenda Item 7d  
ACTION ITEM: Study Mission

## **Board of Directors Meeting**

Wednesday December 14, 2016

ECCTA Boardroom  
801 Wilbur Avenue, Antioch, CA 94509



## **Staff Report to ECCTA Board of Directors**

**Meeting Date:** December 14, 2016

**Agenda Item:** Transit Study Mission  
Agenda Item 7d

**Lead Staff:** Jeanne Krieg, Chief Executive Officer



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### **Background**

Since 2000, as part of their International Program, the American Public Transportation Association (APTA) periodically organizes a study mission to travel to other countries to learn how topics of current interest are approached by other countries and cultures with the goal to bring back ideas that can be applied in the United States. Study topics have ranged from finance, fare collection, light rail, operations, and maintenance.

APTA invites a select group of members to take part in the study missions and has invited me to participate in the 2017 study mission focusing on safety culture, state of good repair, and innovative operations in Hong Kong, Singapore, and Tokyo. The study mission is designed to give participants an opportunity to explore strategies in three countries that have continued to stay on the cutting edge of public transportation innovations. The participants in the mission will meet in Hong Kong on March 29, 2017, and conclude their program in Tokyo on April 7, 2017.

Twenty-five individuals are selected to participate. I was invited because of my work on TRACS, the Department of Transportation's Transit Advisory Committee for Safety, which advises the Secretary of Transportation and the FTA Administrator on matters of safety.

### **The Study Mission**

This study mission will be a unique learning opportunity that promotes information-sharing and education for participating members. Participants will learn best practices

and innovative techniques to use as we implement programs to address FTA's new SMS and Asset Management requirements. The study mission will consist of guided site visits, in-depth stakeholder round tables with top executives, and several debriefing sessions.

The study mission will start in Hong Kong with a focus on building a robust safety management system and taking a risk management approach to planning and operations. Participants will get an insight into innovative solutions for maintaining, rebuilding, and expanding transit systems. Next, the group will travel to Singapore to study a high-performance safety culture in planning and maintenance, fully autonomous rail operations, and integrated customer service technology for bus and rail. The mission will continue on to Tokyo to view world class maintenance and operations centers for metro, commuter and high-speed rail as well as station management. Participants will ride the Shinkansen to visit top training facilities for the Japanese public transportation work force and will explore Japan's largest bus depot.

The cost to ECCTA, which includes all travel, hotels, transfers, and meals will be approximately \$13,000. There is adequate funding in the budget to cover this expense.

### **Requested Action**

Authorize the CEO to participate in the 2017 APTA International Study Mission to study safety culture, state of good repair, and innovative operations.

*Agenda Item #7d  
Eastern Contra Costa Transit Authority  
Board of Directors Meeting  
December 14, 2016*

# **TAB 7**

Agenda Item 7e

**ACTION ITEM: Independent Auditor's Report**

Resolution 161214d

## **Board of Directors Meeting**

**Wednesday December 14, 2016**

**ECCTA Boardroom**


**801 Wilbur Avenue, Antioch, CA 94509**

## **Staff Report to ECCTA Board of Directors**

Meeting Date: December 14, 2016

Agenda Item: Independent Auditor's Report for the year ended June 30, 2016  
Agenda Item 7e

Lead Staff: Tom Harais, Chief Financial Officer

Approved: Jeanne Krieg, Chief Executive Officer 

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### **Background**

ECCTA is required to have an annual certified fiscal audit conducted by an outside independent firm.

### **Process**

Per the contract between ECCTA and Maze & Associates, an audit of the fiscal year ending June 30, 2016 was conducted.

### **Results**

The Authority's financial statements were found to fairly present the financial condition of the Authority in accordance with GAAP standards.

There were no material findings or questioned costs.

The Authority was found to be compliant with the requirements of OMB circular A-133, and the regulations regarding expenditures funded with Transportation Development Act and the Public Transportation, Modernization of Service and Enhancement Account funds.

### **Requested Action**

Adopt Resolution #161214d accepting the Independent Auditor's Report for the year ended June 30, 2016.

#### **Attached**

- Proposed Resolution
- Independent Auditor's Report



# TRI DELTA TRANSIT

Eastern Contra Costa Transit Authority  
801 Wilbur Avenue • Antioch, California 94509  
Phone 925.754.6622 Fax 925.757.2530

## RESOLUTION #161214d INDEPENDENT AUDITOR'S REPORT

**Resolution 161214d accepts the EASTERN CONTRA COSTA TRANSIT AUTHORITY Independent Auditor's Report for the year ended June 30, 2016.**

**WHEREAS**, ECCTA is required by PUC 99245 to have an annual certified fiscal audit conducted by an outside entity; and

**WHEREAS**, the independent audit performed was designed to express an opinion on the FY 2016 financial statements and address current statutory and regulatory requirements 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; and

**WHEREAS**, the Independent Auditor's Report for the year ended June 30, 2016 shows no significant issues.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Eastern Contra Costa Transit Authority to adopt resolution #161214d accepting the Independent Auditor's Report.

PASSED AND ADOPTED THIS 14<sup>th</sup> day of December 2016, by the following votes:

### EASTERN CONTRA COSTA TRANSIT AUTHORITY

\_\_\_\_\_  
Doug Hardcastle, Chair

\_\_\_\_\_  
Jeanne Krieg, CEO

**AYES:** \_\_\_\_\_  
**NOES:** \_\_\_\_\_  
**ABSENT:** \_\_\_\_\_  
**ABSTENTIONS:** \_\_\_\_\_

**EASTERN CONTRA COSTA  
TRANSIT AUTHORITY  
ANTIOCH, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

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

**PREPARED BY THE FINANCE DEPARTMENT**

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EAST CONTRA COSTA TRANSIT AUTHORITY

BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2016 and 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Eastern Contra Costa Transit Authority  
Antioch, California

### *Report on Financial Statements*

We have audited the accompanying basic financial statements of Eastern Contra Costa Transit Authority (Authority) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 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 audits 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 Authority'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 Authority'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 opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Authority as of June 30, 2016 and 2015, and changes in financial position and cash flows for the years then ended in conformity 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 Management's Discussion and Analysis 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 Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Maze & Associates*

Pleasant Hill, California  
November 28, 2016

## Management's Discussion and Analysis

### **Introduction**

This discussion and analysis of the Eastern Contra Costa Transit Authority's financial performance provides an overview of the Authority's financial activities for Fiscal Year 2016 including comparisons to prior fiscal year. This information should be considered in conjunction with the statements and notes contained in the Financial Section.

### **Overview of the Financial Statements**

The Financial Section of this report presents the Authority's financial statements including the basic financial statements and the notes to those financial statements. It also includes the Independent Auditor's Report on those financial statements as well as certain grant activities.

### **Basic Financial Statements**

The *Statement of Net Position* presents information about the assets and liabilities and the difference between the two as *net position*. The change in net position over time can indicate whether the Authority's financial position is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* indicates how net position has changed during the fiscal year as well as compares operating revenues and operating expenses between the current and prior fiscal year. The operating revenues and expenses shown here are the financial activities of the Authority related to the Authority's mission of providing public transportation services in Eastern Contra Costa County. The revenues and expenses reported include fares and advertising revenues along with the cost of passenger services, administration of those services, services that have been contracted out and the depreciation of fixed assets. All other revenues and expenses not included within these categories are reported as non-operating revenues and expenses.

The *Statement of Cash Flows* reports the inflow and outflow of cash at the Authority. Such activity is classified into four major components:

- *Cash flows from operating activities* including transactions reported as components of operating income in the statement of revenues, expenses and changes in net position.
- *Cash flows from investing activities* include interest and similar returns on funds invested while held by the Authority.
- *Cash flows from non-capital financing activities* includes operating grant funding received as well as operating payments from third parties and non-operating items.
- *Cash flows from capital and related financing activities* come from the procurement of capital assets and the proceeds of capital grants.

## Notes to the Financial Statements

Immediately following the basic financial statements are notes intended to provide additional information that is essential for the reader to gain a full understanding of the information provided within the financial statements.

### Analysis of ECCTA's Overall Financial Position

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>%</u>
<b>Assets:</b>				
Current Assets	\$10,055	\$6,384	\$3,671	58%
<u>Net Capital Assets</u>	<u>\$18,248</u>	<u>\$20,696</u>	<u>(\$2,448)</u>	<u>-12%</u>
<b>Total Assets:</b>	<b>\$28,303</b>	<b>\$27,080</b>	<b>\$1,223</b>	<b>5%</b>
<b>Liabilities:</b>				
Current Liabilities	\$ 5,254	\$ 3,058	\$2,196	72%
<u>Non-Current Liabilities</u>	<u>\$ 329</u>	<u>\$ 285</u>	<u>\$ 44</u>	<u>15%</u>
<b>Total Liabilities:</b>	<b>\$ 5,583</b>	<b>\$ 3,343</b>	<b>\$2,340</b>	<b>67%</b>
<b>Net Position:</b>	<b>\$22,720</b>	<b>\$23,737</b>	<b>(\$1,017)</b>	<b>-4%</b>

The Authority's current assets increased substantially from FY15 to FY16 because there were more than \$3M in operating and capital funds receivable at year end FY16. This was due to two factors: The Authority delayed submitting invoices for reimbursement for capital projects until year end in order to be able to close out capital grants at project completion. And because there were issues with the State Controller's office related to appropriation and allocation of statewide transit operating funds such that the Authority had over \$2M in operating assistance receivable at year end. The issues were resolved a few months after fiscal year end 2016 and the SCO released the FY16 operating funds.

The Authority also saw a 62% increase in liabilities at year end 2016 compared to FY15. The material factor in this increase was a \$2.3M increase in accounts payable. This was a result of the Authority accruing a return of over \$2M to the LTF fund at Contra Costa County to be held in reserve for the ECCTA.

The 4% decrease during FY16 in the Authority's net position from the prior year is a result of the combined effect of the items described above.

The Authority has maintained a significant reserve of unallocated state funds by not drawing all such funds in the year they are generated when possible and allowing the excess to carryover as a reserve. Those reserves were heavily depleted during the national economic downturn several years ago and are slowly being rebuilt by the Authority. The accounts payable accrual mentioned above will be returned to the reserve balance outlined below.

### ECCTA Year End LTF Balances

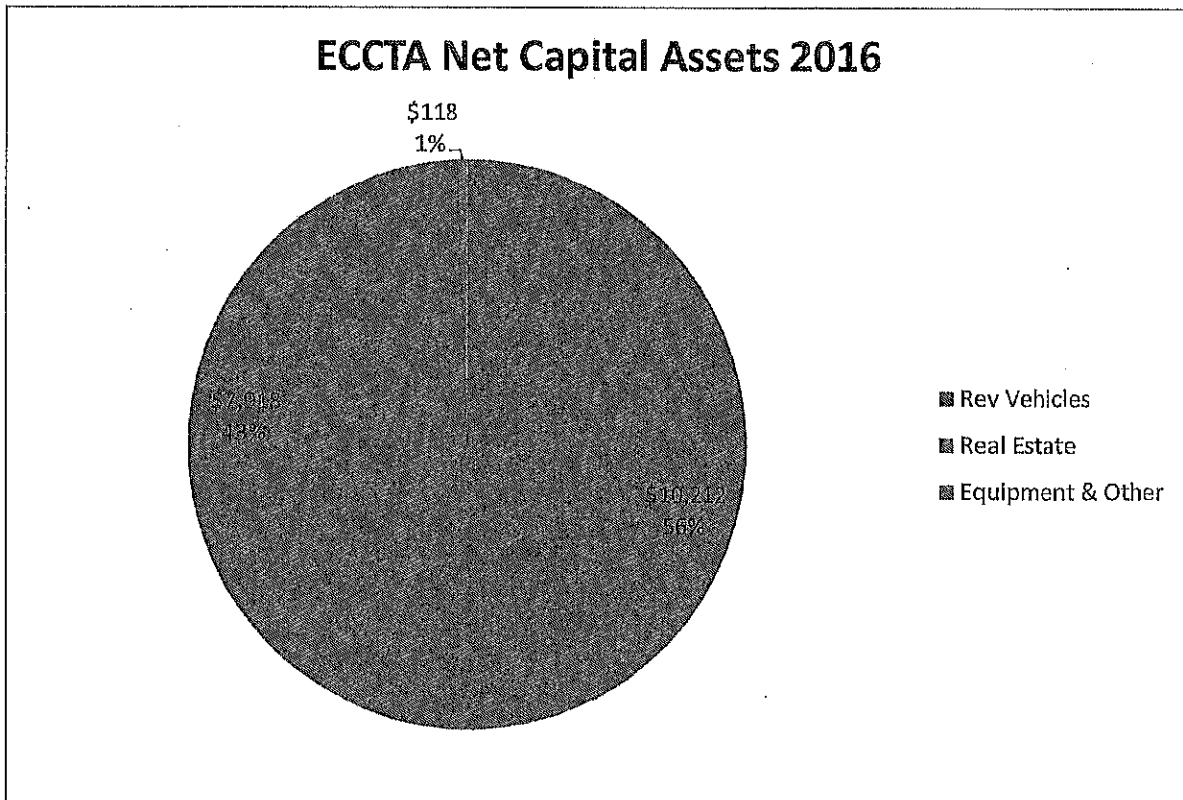
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
TDA Funds	\$818	\$817	\$2,095	\$3,162	\$2,741	\$4,133	\$3,137
STA Funds	<u>0</u>	<u>88</u>	<u>175</u>	<u>32</u>	<u>301</u>	<u>4</u>	<u>1,974</u>
YE Balance:	\$818	\$905	\$2,270	\$3,194	\$3,042	\$4,137	\$5,111

**Capital Activity:**

The Authority expended \$1.2M of available capital funds during FY16 on various projects:

Revenue Vehicles	\$ 959
Communication & Information Systems	50
Other	<u>182</u>
Total	\$ 1,191

Revenue vehicles remain the major component of the Authority's net capital assets and will do so going forward.



**Long Term Debts:**

The Authority has only one long term debt. It is a provision for a limited – three year maximum - post employment, health care benefit. The Authority implemented GASB 45 provisions in 2008.

**Operating Activity:**

**Comparison to Budget**

	<b>FY16 Actual</b>	<b>FY16 Budget</b>	<b>Variance</b>
Operating Revenues	\$ 3,603	\$ 3,507	\$ 96
Operating Expenses	\$ 19,955	\$ 21,445	\$ 1,490
Non-Operating Revenues	\$ 16,352	\$ 17,938	\$ (1,586)

**Prior Year Comparison**

	<b>FY16 Actual</b>	<b>FY15 Actual</b>	<b>Difference</b>
Operating Revenues	\$ 3,603	\$ 3,582	\$ 21
Operating Expenses	\$ 19,955	\$ 20,107	\$ 152
Non-Operating Revenues	\$ 16,352	\$ 16,525	\$ (173)

During FY16, the Authority budgeted for and operated about 210 thousand hours of revenue service.

While the Authority anticipated 3M passenger trips in FY16, the actual number provided fell 10% short of the plan at 2.7M.

## EASTERN CONTRA COSTA TRANSIT AUTHORITY KEY PERFORMANCE INDICATORS BY SERVICE

	FY16 Budget		Annual Comparison		
	Jun-16	% ▲	Jun-15	Jun-16	% ▲
<b>DIAL-A-RIDE</b>					
<b>PASSENGERS</b>					
Total DAR Trips Provided	140,000	5%	133,769	131,917	-1%
Average Weekday Ridership	506	4%	487	489	0%
Average Sat Ridership	164	7%	153	118	-23%
Average Sun/Hol Ridership	66	5%	63	49	-22%
Average Passengers/Hour (wkdys)	2.2	9%	2.0	2.2	7%
<b>CUSTOMER SERVICE</b>					
Ride Refusals / Day	0.0	0%	0.0	0.0	0%
Customer Complaints	0.103%	0%	0.103%	0.114%	11%
On Time Performance	90%	3%	87%	85%	-3%
<b>MAINTENANCE</b>					
Gallons of Fuel Consumed	144,619	4%	138,528	135,809	-2%
Miles Between Preventable Accidents	200,000	23%	162,293	159,143	-2%
Miles Between Road calls	100,000	0%	139,113	190,963	37%
<b>COST RATIOS</b>					
Farebox Recovery Ratio	10%	0%	10%	10%	0%
\$/Gal Fuel	\$ 3.25	5%	\$ 3.09	\$ 2.59	-16%
Operating Cost/Passenger	\$ 35.23	3%	\$ 34.18	\$ 34.41	1%
Operating Cost/Revenue Hour	\$ 71.60	3%	\$ 69.81	\$ 72.26	4%
Operating Cost/Revenue Mile	\$ 6.01	5%	\$ 5.74	\$ 5.85	2%
<b>FIXED ROUTE</b>					
<b>PASSENGERS</b>					
Total FR Trips Provided	2,826,000	1%	2,806,028	2,574,864	-8%
Average Weekday Ridership	9,949	2%	9,794	8,999	-8%
Average Sat Ridership	3,391	-3%	3,498	3,061	-12%
Average Sun/Hol Ridership	2,695	-3%	2,787	2,501	-10%
Average Passengers/Hour	19.3	1%	19.2	17.8	-7%
<b>CUSTOMER SERVICE</b>					
Customer Complaints	0.009%	0%	0.009%	0.009%	1%
On Time Performance	90%	-2%	92%	92%	0%
<b>MAINTENANCE</b>					
Gallons of Fuel Consumed	594,981	-1%	600,072	606,378	1%
Miles Between Preventable Accidents	100,000	2%	98,066	97,469	-1%
Miles Between Road calls	50,000	20%	41,553	27,690	-33%
<b>COST RATIOS</b>					
Farebox Recovery Ratio	18%	1%	18%	18%	0%
\$/Gal Fuel	\$ 3.00	8%	\$ 2.77	\$ 1.96	-29%
Operating Cost/Passenger	\$ 5.79	5%	\$ 5.54	\$ 5.98	8%
Operating Cost/Revenue Hour	\$ 111.77	5%	\$ 106.36	\$ 106.33	0%
Operating Cost/Revenue Mile	\$ 8.07	6%	\$ 7.62	\$ 7.49	-2%



Material variances from budget during FY16 for the Authority were \$412 thousand savings on salaries and benefits due to leaving positions unfilled and turnover combined with \$837 thousand in materials and supplies with more than half of that being fuel. There was another \$132 thousand savings against budget in purchased transportation costs due to schedule adjustments during the year.

#### **Economic Factors and Next Year's Budgets and Rates**

Operating fund sources remain a concern for the Authority. More than 60% of the Authority's operating fund base involve retail sales taxes which ebb and flow with general economic conditions. And, there is little opportunity for other sources of operations funding.

But the Authority has managed, through diligent monitoring of services and costs, combined with judicious utilization of reserve funds, to weather the vagrancies of economic activity.

The Authority faces the common pressures of any business enterprise today; the rising costs of employee benefits, particularly health care and worker's compensation.

At \$2M fuel is 10% of the Authority's annual budget. Fuel is at a historic low right now and energy is a volatile market. This makes it difficult for the Authority to plan operations with certainty of this basic need. The Authority is looking into fuel hedging as a way to better plan fuel costs and not have whip sawing energy prices driving ECCTA's planning from year to year.

#### **Requests for Information**

This financial report was created to provide citizens, taxpayers, as well as the Authority's customers and creditors with a general overview of the Authority's finances. It is designed to demonstrate agency accountability for appropriate use of public funds that the Authority receives. Any questions or requests for additional information can be made to:

The Eastern Contra Costa Transit Authority  
Attn: CFO  
801 Wilbur Avenue  
Antioch, CA 94590  
(925) 754-6622  
[comment@eccta.org](mailto:comment@eccta.org)

Copies of this report are available online: <http://www.trideltatransit.com/public.aspx>

EASTERN CONTRA COSTA TRANSIT AUTHORITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2016 AND 2015

	2016	2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Unrestricted assets:		
Cash and equivalents (Note 3)	\$3,365,145	\$3,187,470
Operating assistance receivable	2,272,057	425,283
Capital grants receivable	1,112,261	22,217
Accounts receivable	114,476	93,533
Maintenance inventories and supplies, at cost	742,700	681,935
Total unrestricted assets	7,606,639	4,410,438
Restricted cash and equivalents (Note 3):		
PTMISEA reserves (Note 8)	1,784,567	1,604,912
CTSGP reserves	190,016	190,003
LCTOP reserves	473,681	178,646
Total restricted assets	2,448,264	1,973,561
Total Current Assets	10,054,903	6,383,999
<b>Non-Current Assets</b>		
Capital assets (Note 4):		
Non-depreciable	2,456,985	2,456,985
Depreciable, net of accumulated depreciation	15,790,678	18,238,675
Total Non-Current Assets	18,247,663	20,695,660
Total Assets	28,302,566	27,079,659
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	4,911,316	2,679,440
Accrued liabilities	342,411	378,639
Total Current Liabilities	5,253,727	3,058,079
<b>Non-Current Liabilities</b>		
Other Post Employment Benefit Obligation (Note 10C)	329,000	285,000
Total Liabilities	5,582,727	3,343,079
<b>NET POSITION (Note 2G)</b>		
Net investment in capital assets	18,247,663	20,695,660
Restricted for:		
PTMISEA projects	1,784,567	1,604,912
CTSGP projects	190,016	190,003
LCTOP operations	473,681	178,646
Unrestricted	2,023,912	1,067,359
Net Position	\$22,719,839	\$23,736,580

See accompanying notes to basic financial statements

EASTERN CONTRA COSTA TRANSIT AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
PROGRAM OPERATING REVENUES		
Passenger fares	\$3,273,431	\$3,246,672
Other operating income	330,066	335,853
Total Program Operating Revenues	3,603,497	3,582,525
PROGRAM OPERATING EXPENSES		
Purchased transportation (Note 12)	11,555,396	11,310,882
Materials and supplies	2,738,513	3,175,222
Salaries and benefits	3,822,009	3,784,585
Services	759,752	796,231
Casualty and liability insurance	468,343	412,446
Utilities	263,098	246,878
Other	348,429	380,803
Depreciation (Note 4)	2,731,419	3,197,098
Total Program Operating Expenses	22,686,959	23,304,145
PROGRAM OPERATING LOSS	(19,083,462)	(19,721,620)
NON-OPERATING REVENUES (EXPENSES)		
State grant revenues	10,811,521	12,526,651
Local grant revenues	4,151,192	3,993,516
Non-transportation revenues	5,435	5,139
Federal Grant Revenues	1,383,895	
Gain (Loss) on sale of capital asset		(784)
Net Non-Operating Revenues, Before Capital Contributions (Grants)	16,352,043	16,524,522
Capital Contributions (Grants)	1,714,678	1,658,605
Net Non-Operating Revenues and Capital Contributions	18,066,721	18,183,127
CHANGE IN NET POSITION	(1,016,741)	(1,538,493)
NET POSITION AT BEGINNING OF YEAR	23,736,580	25,275,073
NET POSITION AT END OF YEAR	\$22,719,839	\$23,736,580

See accompanying notes to basic financial statements

EASTERN CONTRA COSTA TRANSIT AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from passenger fares	\$3,252,488	\$3,296,071
Cash received from operations - other	330,066	335,853
Cash payments for purchased transportation	(11,555,396)	(11,310,882)
Payments to and on behalf of employees	(3,778,009)	(3,749,585)
Payments to suppliers for goods and services	(2,443,252)	(4,585,500)
Net cash provided (used) by operating activities	(14,194,103)	(16,014,043)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income received	5,435	5,139
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal grants and reimbursement	1,383,895	
State operating grants	9,721,477	12,651,606
Local grants	2,304,418	3,947,352
Net cash provided by noncapital and financing activities	13,409,790	16,598,958
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions received	1,239,975	160,788
Proceeds from sale of capital assets		17,887
Purchase of capital assets	(283,422)	(721,395)
Net cash provided (used) by capital and related financing activities	956,553	(542,720)
<b>NET CASH FLOWS</b>	177,675	47,334
<b>CASH AND INVESTMENTS AT BEGINNING OF YEAR</b>	3,187,470	3,140,136
<b>CASH AND INVESTMENTS AT END OF YEAR</b>	\$3,365,145	\$3,187,470
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating loss	(\$19,083,462)	(\$19,721,620)
Depreciation	2,731,419	3,197,098
Change in assets and liabilities:		
Other receivables	(20,943)	49,399
Maintenance inventories and supplies	(60,765)	1,010
Accounts payable	2,231,876	445,731
Accrued liabilities	(36,228)	(20,661)
Other post employment benefit obligation	44,000	35,000
Net cash provided (used) by operating activities	(\$14,194,103)	(\$16,014,043)

See accompanying notes to basic financial statements

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**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 1 - GENERAL**

The Eastern Contra Costa Transit Authority (Authority), also known as Tri Delta Transit, was created August 3, 1976 under a joint exercise of powers agreement between the cities of Antioch, Pittsburg, Brentwood, and Contra Costa County, for the purpose of meeting the public transportation needs in Eastern Contra Costa County. The Authority is governed by a board of Directors composed of representatives of the member jurisdictions. The joint exercise of powers agreement was amended on April 26, 2000 to include the recently incorporated City of Oakley.

The Authority's reporting entity includes all activities of the Authority.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies of the Authority, which conform with generally accepted accounting principles applicable to governments in the United States of America.

**A. *Enterprise Fund Accounting***

The Authority is accounted for as an enterprise fund. This fund is a set of self-balancing accounts, which comprise its assets and deferred outflows, liabilities and deferred inflows, net position, revenues and expenses.

**B. *Basis of Accounting***

Basis of accounting refers to *when* revenues and expenses are recognized. The Authority is accounted for using the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when they are incurred.

*Non-exchange transactions*, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**C. *Basis of Presentation***

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

EASTERN CONTRA COSTA TRANSIT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Years Ended June 30, 2016 and 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 operation. The principal operating revenues of the Authority are charges to customers for farebox revenues. The Authority's *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Authority. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Cash Equivalents**

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**E. Risk Management**

The Authority requires its operations contractor, First Transit, Inc., to provide general liability coverage. First Transit provides insurance with primary coverage of \$20,000,000 in aggregate. In addition, the Authority is insured for premises and operational bodily injury and property damage up to a limit of \$12,100,000, with a deductible of \$10,000.

**F. Compensated Absences**

Full-time permanent employees are granted personal time off (PTO) benefits in varying amounts to specified maximums, depending on their tenure with the Authority. PTO accrues to employees to specified maximums after six months of service. The estimated current portion of the liability for PTO benefits is recorded as an expenditure with a corresponding liability.

**G. Net Position**

Net Position is the excess of all the Authority's assets and deferred outflows over all its liabilities and deferred inflows. Net Position are divided into three captions and apply only to Net Position as described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the Authority's capital assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. The Authority's Restricted Net Position is for unexpended funds received from PTMISEA, CTSGP and LCTOP.

*Unrestricted* describes the portion of Net Position which is not restricted to use.

EASTERN CONTRA COSTA TRANSIT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Years Ended June 30, 2016 and 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**I. Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**J. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.



EASTERN CONTRA COSTA TRANSIT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Years Ended June 30, 2016 and 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. *New Accounting Pronouncements***

The Authority has implemented the requirements of the following GASB Pronouncements:

**GASB Statement No. 72 – *Fair Value Measurement and Application*.** The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures. This statement required modifications to the notes to financial statements.

**GASB Statement No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement had no impact on the Authority’s financial statements.

**GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*.** The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the periods beginning after December 15, 2015, or the 2015-2016 fiscal year. This Statement had no impact on the Authority’s financial statements.

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Authority's name and places the Authority ahead of general creditors of the institution.

**A. Cash and Cash Equivalents**

The Authority's unrestricted cash consists of time and demand deposits and petty cash held at the Authority's administrative office.

The Authority's restricted assets, which consist of certificates of deposit with Bank of Agriculture and Commerce, are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and cash equivalents consisted of the following as of June 30:

	2016	2015
Unrestricted cash:		
Deposits in financial institutions	\$3,364,444	\$3,186,920
Cash on hand at Authority	701	550
Total unrestricted cash and equivalents	3,365,145	3,187,470
Restricted - certificates of deposit:		
PTMISEA reserve	1,784,567	1,604,912
CTSGP reserve	190,016	190,003
LCTOP reserve	473,681	178,646
Total restricted cash and equivalents	2,448,264	1,973,561
Total Cash and Equivalents	\$5,813,409	\$5,161,031

**B. Fair Value Hierarchy**

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority only has investments in Money Market accounts of \$3,056,976 and Certificates of Deposit of \$2,448,264, which are exempt from fair market value measurements.

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

**C. PTMISEA Reserve**

The Public Transportation, Modernization, Improvement and Service Enhancement Account (PTMISEA) is one of the programs included in Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act, passed by voters in November 2006 (see Note 8). The Authority is applying these funds to eligible capital expenditures for bus replacements.

**D. CTSGP Reserve**

The California Transit Security Grant Program (CTSGP) California Transit Assistance Fund is another program included in Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act, passed by voters in November 2006. The Authority is applying these funds to eligible capital expenditures for interoperable communications and physical security enhancement equipment.

**E. LCTOP Operations**

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2015 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. LCTOP was passed and adopted by the Authority in January 2016. The Authority is applying these funds to enhance service on Route 201 (Concord, CA).

**NOTE 4 - CAPITAL ASSETS**

Capital assets of the Authority consist of land, transit and service vehicles, buildings and improvements, and equipment. Capital assets are recorded at cost and depreciated over their estimated useful lives. The Authority's policy is to capitalize all assets when costs exceed \$5,000.

Depreciation of capital assets in service is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned the useful lives as follows:

Building and improvements	5-30 years
Transit vehicles	4-14 years
Shop, office and other equipment	5--10 years

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 4 – CAPITAL ASSETS (Continued)**

**A. Capital Asset Activity**

Capital assets activity during fiscal year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Balance June 30, 2016
Capital assets not being depreciated:			
Land	\$2,456,985		\$2,456,985
Total capital assets not being depreciated	<u>2,456,985</u>		<u>2,456,985</u>
Capital assets being depreciated:			
Buildings and improvements	12,998,495	\$189,050	13,187,545
Transit vehicles	28,931,437	28,570	28,960,007
Equipment	3,672,855	65,802	3,738,657
Total capital assets being depreciated	<u>45,602,787</u>	<u>283,422</u>	<u>45,886,209</u>
Less accumulated depreciation for:			
Buildings and improvements	7,084,650	517,915	7,602,565
Transit vehicles	16,675,898	2,123,503	18,799,401
Equipment	3,603,564	90,001	3,693,565
Total accumulated depreciation	<u>27,364,112</u>	<u>2,731,419</u>	<u>30,095,531</u>
Total depreciable assets	<u>18,238,675</u>	<u>(2,447,997)</u>	<u>15,790,678</u>
Capital assets, net	<u>\$20,695,660</u>	<u>(\$2,447,997)</u>	<u>\$18,247,663</u>

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital assets activity during fiscal year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$2,456,985			\$2,456,985
Total capital assets not being depreciated	<u>2,456,985</u>			<u>2,456,985</u>
Capital assets being depreciated:				
Buildings and improvements	12,715,138	\$283,357		12,998,495
Transit vehicles	28,827,388	355,002	(\$250,953)	28,931,437
Equipment	3,606,210	83,036	(16,391)	3,672,855
Total capital assets being depreciated	<u>45,148,736</u>	<u>721,395</u>	<u>(267,344)</u>	<u>45,602,787</u>
Less accumulated depreciation for:				
Buildings and improvements	6,509,093	575,557		7,084,650
Transit vehicles	14,842,073	2,067,747	(233,922)	16,675,898
Equipment	3,064,521	553,794	(14,751)	3,603,564
Total accumulated depreciation	<u>24,415,687</u>	<u>3,197,098</u>	<u>(248,673)</u>	<u>27,364,112</u>
Total depreciable assets	<u>20,733,049</u>	<u>(2,475,703)</u>	<u>(18,671)</u>	<u>18,238,675</u>
Capital assets, net	<u>\$23,190,034</u>	<u>(\$2,475,703)</u>	<u>(\$18,671)</u>	<u>\$20,695,660</u>

**B. Capital Contributions**

The Authority has grant contracts with the U.S. Department of Transportation through the Federal Transit Administration for certain capital improvements. Federal Transit Administration funds are used to replace and improve the Authority's buses and transit facilities. The Authority also has contracts under the Transportation Development Act of 1971 (TDA) and State Transit Assistance (STA) funds, which are used to match Federal Transit Administration grants or to fund transit improvement projects. Capital funding provided under government grants is considered earned as the allowable expenditures are incurred.

Grants for capital assets acquisition and facility development and rehabilitation are reported in the Statement of Revenues, Expenses and Changes in Net Position, after non-operating revenues and expenses as capital contributions.

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 5 – OPERATING GRANTS**

The Authority records operating assistance grants as revenue when earned.

**A. *TDA and STA Operating Assistance***

The Authority receives allocations of local transportation funds pursuant to the Transportation Development Act of 1971 and State Transit Assistance (STA) funds. These funds are generated within Contra Costa County and are allocated based on annual claims filed by the Authority and approved by the Metropolitan Transportation Commission (MTC). Generally, the maximum annual TDA assistance the Authority can receive is limited to its actual operating costs (excluding depreciation) less fare revenues received and other local operating assistance (including interest income).

For the years ended June 30, 2016 and 2015, the maximum TDA operating assistance eligibility was \$10,490,522 and \$11,180,477, respectively. During the year ended June 30, 2016, the TDA operating funds received was \$10,464,556 resulting in an underpayment by MTC of \$25,966. The Authority increased the TDA Operating Receivable at June 30, 2016 in the amount of the deficit (see Note 9).

**B. *Inter Operator Agreements***

The Authority receives funding through an arrangement with Bay Area Rapid Transit (BART) for operating assistance applied to certain "feeder bus" services to the Pittsburg/Bay Point BART station. The Authority took over and incorporated such services from BART in 1997 (as detailed in the schedule below).

**C. *Regional Measure 2 Funds***

On March 2, 2004, voters passed Regional Measure 2 (RM2), raising the toll on the seven State-owned toll bridges in the San Francisco Bay Area by \$1.00. This extra dollar is to fund various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in SB 916 (Chapter 715, Statutes of 2004). Specifically, RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects and programs eligible to receive RM2 funding. The Bay Area Toll Authority (BATA) is responsible for the collection of the bridge tolls and MTC is responsible for administering the RM2 Program. The Authority is an eligible recipient for RM2 funds and received \$531,835 and \$531,835 in RM2 funding during fiscal years ended June 30, 2016 and 2015, respectively. The Authority utilized the RM2 funds as operating assistance on a specific, express bus route per the program's requirements.

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For The Years Ended June 30, 2016 and 2015

**NOTE 5 -- OPERATING GRANTS (Continued)**

Operating assistance for the years ended June 30 are summarized as follows:

	2016	2015
Federal Transit Administration	\$1,383,895	
Transportation Development Act	8,092,592	\$10,886,823
State Transit Assistance	2,659,318	1,639,828
Inter-operator agreements (BART)	2,404,790	2,267,902
Measure J	1,214,567	1,193,779
Regional Measure 2	531,835	531,835
Low Carbon Transit Operations Program (LCTOP)	59,611	
Total	\$16,346,608	\$16,520,167

**NOTE 6 - CAPITAL GRANTS**

The Authority has received grants from the Federal Transit Administration (FTA) and grants of local transportation funds pursuant to the Transportation Development Act of 1971 (TDA) for the purchase of buses, facility improvements, furniture and fixtures, and supporting equipment.

Expenditures of capital grant funds are allocated based on annual claims filed by the Authority and approved by the MTC. The Authority's management believes that the remaining grants available will be approved in full. These grants (excluding Measure J), less the related amortization, are included in capital contributions.

The Authority's capital contributions for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
U.S. Department of Transportation grant awards	\$1,820,444	\$154,656
Less: funds used for operating costs	(1,383,895)	
<i>Sub-total:</i>	436,549	154,656
State grants	164,742	31,954
Other	1,039,355	59,338
<i>Total Capital Contributions</i>	\$1,640,646	\$245,948

**NOTE 7 -- MEASURE J**

In November 2004, Contra Costa County voters approved Measure J which provided for the continuation of a County half-cent transportation sales tax for 25 more years beyond the original expiration date of 2009 (Measure C). Measure J funding is administered by the Contra Costa Transportation Authority (CCTA). The Authority records Contra Costa County Measure J grants for operations and for capital projects as revenue and capital contributions, respectively, as received.

The Authority is an eligible recipient of Measure J funds and received \$1,344,177 and \$1,314,677 in Measure J operating assistance during fiscal years ended June 30, 2016 and 2015, respectively, of which \$1,214,567 and \$1,193,779, respectively, were applied to specific fixed route and para-transit bus services per CCTA's approved program. The remaining amount of \$19,610 and \$120,898 of Measure J funds for 2016 and 2015, respectively, were "passed through" to the Central Contra Costa Transit Authority (CCCTA) according to an inter-operator agreement that all three agencies entered into to provide Countywide express bus services.

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For The Years Ended June 30, 2016 and 2015

<b>NOTE 8 – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT</b>
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The Public Transportation, Modernization, Improvement and Service Enhancement Account (PTMISEA) is one of the programs included in Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act, passed by voters in November 2006. During the fiscal year ended June 30, 2010, the Authority applied for and received \$1,802,885 for the procurement of California Air Resource Board (CARB) compliant diesel buses. During the year ended June 30, 2012, the Authority applied for and received \$2,922,016. During the year ended June 30, 2014, the Authority received \$327,019. During the year ended June 30, 2015, the Authority received \$1,277,391. During the year ended June 30, 2016, the Authority received \$178,754.

The activity during the last five fiscal years was as follows:

	2016	2015	2014
PTMISEA beginning balance	\$1,604,912	\$333,372	\$31,909
PTMISEA Funds Received	178,754	1,277,391	327,019
Interest Earned	901	767	265
Total Revenues	1,784,567	1,611,530	359,193
Expenditures incurred:			
Buses			
Shelters		(6,618)	(25,821)
Total Expenditures		(6,618)	(25,821)
Unexpended funds at year end	\$1,784,567	\$1,604,912	\$333,372
	2013	2012	
PTMISEA beginning balance	\$2,953,894	\$924,964	
PTMISEA Funds Received		2,922,016	
Interest Earned	13,911	1,680	
Total Revenues	2,967,805	3,848,660	
Expenditures incurred:			
Buses	(2,935,896)	(894,766)	
Shelters			
Total Expenditures	(2,935,896)	(894,766)	
Unexpended funds at year end	\$31,909	\$2,953,894	



**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 9 – TDA RECEIVABLE/PAYABLE**

The Authority applies for TDA funds for operating purposes prior to the start of each fiscal year. The application is based on the Authority's annual budget and thus contains an estimate of the Authority's annual operating expenditures and revenues during the next fiscal year. After completion of the annual audit whereby any unapplied funds or funding shortfalls are determined, the Authority either returns TDA funds in excess of those used during the fiscal year or applies for additional TDA funding for the prior fiscal year to make up the shortfall.

A TDA Receivable represents the deficit of TDA operations grants received by the Authority over the allowed expenditures; any deficit amounts are payable to the Authority. A TDA Payable represents the surplus of TDA operations grants received by the Authority over the allowed expenditures. Such surpluses must be returned to the County Local Transportation Fund. The amount of TDA payable or receivable at year end is a provision that the Authority makes to request or return such TDA funds. At the end of fiscal year ended June 30, 2016, the Authority was still owed from MTC the amount of \$25,966 in TDA Operating Funds revenues. As a result, the Authority increased its TDA Operating receivable by the amount of the deficit.

For the years ended June 30, 2016 and 2015, the maximum TDA operating assistance eligible was \$10,490,522 and \$11,180,477, respectively. The actual TDA operating funds received for the years ended June 30, 2016 and 2015 were \$10,464,556 and \$10,857,377 respectively. The TDA Receivable for the years ended June 2016 and 2015, respectively, were \$25,966 and \$323,100, respectively, and were calculated as follows:

	2016	2015
TDA operating assistance allowable	\$10,490,522	\$11,180,477
Actual TDA operating assistance received	(10,464,556)	(10,857,377)
Receivable	\$25,966	\$323,100

**NOTE 10 – EMPLOYEE RETIREMENT PLANS**

The Authority offers two retirement plans - a 401(a) and a 457(b) plan. The plans are optional. The Authority also offers Other Post Employment Benefits (OPEB).

*A. Employees' Retirement Plan*

The Authority offers a 401(a) defined contribution pension plan, administered by the Financial Decision group, through Charles Schwab. All full-time employees are eligible for this voluntary program upon successful completion of his or her probation. In order to participate in this voluntary program, an employee must participate in the 457(b) deferred compensation plan (see note 10B), and contribute a minimum of 4% of his or her gross salary, up to a maximum of 25%, or the federally allowed maximum amount of his or her gross compensation, whichever is less.

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)**

The Authority makes contributions to the 401(a) plan for each participant depending on the participant's years of service with the Authority as follows:

Less than 10 years	12% of gross salary
10-20 years	13% of gross salary
20-30 years	14% of gross salary
More than 30 years	15% of gross salary

Any changes to the plan and/or contribution requirements must be approved by the Authority's Board of Directors. During fiscal year ended June 30, 2016, the Authority contributed \$321,797 to the 401(a) plan on behalf of its participants.

**B. *Deferred Compensation Plan***

The Authority employees may defer a portion of their compensation under an Authority sponsored Deferred Compensation Plan, administered by ICMA, created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the Authority's property and are not subject to Authority control, they have been excluded from these financial statements.

**C. *Other Post Employment Benefits (OPEB)***

The Authority provides postretirement health care benefits to full time administrative employees who retire directly from the Authority after attaining the age of 62 with at least 20 years of service. As of June 30, 2016, there were no participants receiving these health care benefits. The Authority does not anticipate paying any OPEB until fiscal year ending June 30, 2017.

The Authority will pay the entire COBRA Kaiser Health Savings Account (HSA) plan premium for the retired employee and their eligible dependents until the employee reaches age 65, at which time they will qualify for Medicare. The Authority will pay the equivalent of the Kaiser HSA plan premium towards another health insurance policy selected by the employee in place of this plan.

Under the provisions of Governmental Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the Authority has elected to use an alternative method in calculating its OPEB liability, which is recorded as a noncurrent liability in the Statement of Net Position. The Authority is on a pay-as-you-go funding policy, and uses the following assumptions in calculating the liability on an annual basis: current COBRA Kaiser HSA rate, 10% annual inflation factor, and .5% investment rate of return.

**EASTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2016 and 2015**

**NOTE 11 - CONTINGENT LIABILITIES**

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority's legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the Authority.

The Authority participates in Federal and State grant programs. These programs have been audited by the Authority's independent auditors in accordance with the provisions of the Federal Single Audit Act, as amended, and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

On February 4, 2016, the Authority entered into an agreement with California Energy Resources Conservation and Development Commission for \$1,355,000, with a one percent (1% per annum) interest rate. The project consists of installing roof and parking structures mounted with photovoltaic (PV) panels at the East Contra Costa Transit Authority main office, located in Antioch, California. Principal and interest payments are payable semiannually in the amount of \$39,648 with the first repayment due on December 22, 2017 and final installment due on June 22, 2036. The Authority has not received the loan amount as of the fiscal year ended June 30, 2016.

**NOTE 12 - MAJOR CONTRACTOR**

The Authority has an agreement dated July 30, 2011 with First Transit, Inc., a private transit firm, to provide transportation management and operations services on behalf of the Authority through June 30, 2016. On May 2, 2016, the contract was extended through June 30, 2020. Expenses recorded under this contract amounted to \$11,555,396 and \$11,310,882 for fiscal years ended June 30, 2016 and 2015, respectively, and are recorded as purchased transportation.

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT AND  
OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of the Board of Directors of  
Eastern Contra Costa Transit Authority  
Antioch, California

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 statement of the Eastern Contra Costa Transit Authority (Authority), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 Authority'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. Our procedures included the applicable audit procedures contained in §6667 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. 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*.

### ***Authority's Response to Findings***

The Authority's response to the findings identified in our audit are described in our separately issued Memorandum on Internal Control dated November 28, 2016, which is an integral part of our audits and should be read in conjunction with this report. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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.

*Maze & Associates*

Pleasant Hill, California  
November 28, 2016

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE WITH THE RULES AND REGULATIONS OF THE  
PUBLIC TRANSPORTATION MODERNIZATION  
IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

Honorable Members of the Board of Directors of the  
Eastern Contra Costa Transit Authority  
Antioch, California

We have audited the statement of revenues and expenditures of the Eastern Contra Costa Transit Authority Public Transportation Modernization, Improvement and Service Enhancement Account Projects, a program of the Eastern Contra Costa Transit Authority, California, (the Authority) in accordance with general accepted auditing standards in the United States of America as of and for the year ended June 30, 2016, and have issued our report thereon dated November 28, 2016.

In connection with our audit, we have read and performed the applicable audit procedures contained in the *Public Transportation Modernization, Improvement and Service Enhancement Account Guideline* (Guideline) adopted by the California of Department of Transportation.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 Authority'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 financial statements are free of 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*.

### *Authority's Response to Findings*

The Authority's response to the findings identified in our audit are described in our separately issued Memorandum on Internal Control dated November 28, 2016, which is an integral part of our audits and should be read in conjunction with this report. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### *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.

*Maze & Associates*

Pleasant Hill, California  
November 28, 2016