



## **MARIN COUNTY TRANSIT DISTRICT BOARD OF DIRECTORS**

Board of Supervisors Chambers, Room 330  
3501 Civic Center Drive, San Rafael, CA 94903

### **AGENDA**

Monday, May 7, 2018

#### **10:00 a.m. Convene as the Marin County Transit District Board of Directors**

1. Convene in Closed Session

#### **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION - SIGNIFICANT EXPOSURE TO LITIGATION**

There is significant exposure to litigation against the Agency pursuant to Government Code section 54956.9(d)(2) Number of Cases: 1

#### **Report from Closed Session**

2. Open Time for Public Expression (limited to three minutes per speaker on items not on the Transit District's agenda)
3. Board of Directors' Matters
4. General Manager's Report
  - a. General Manager's Oral Report
  - b. Monthly Monitoring Report for March
5. Consent Calendar
  - a. Minutes for April 2, 2018
  - b. Revised Marin Transit Procurement Policies and Procedures
  - c. Revision to Marin Transit Financial Management Policies

#### **Recommended Action: Approve.**

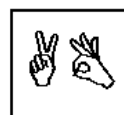
6. Draft Marin County Transit District Operating and Capital Budget for FY 2018/19  
**Recommended Action: Review Draft FY 2018/19 Budget and provide comments.**

(continued)

7. Public Employees Retirement Service (PERS) Service Credit Replacement Plan

**Recommended Actions: 1. Authorize staff to pursue a PERS credit replacement plan and 2. Authorize Board President to execute an agreement with Pillsbury LLC for legal services in support of the PERS credit replacement plan for an amount not to exceed \$50,000.**

## Adjourn



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**Late agenda material can be inspected in the office of Marin Transit, between the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday. The office is located at 711 Grand Avenue, Suite 110, San Rafael, CA 94901.**

Todas las reuniones públicas de Marin Transit se llevan a cabo en lugares accesibles. Están disponibles copias de los documentos en formatos accesibles, a solicitud. Si usted requiere ayuda con la traducción, intérpretes de Lenguaje Americano de Señas, dispositivos de ayuda auditiva, u otras adaptaciones para participar en esta reunión, puede solicitarlas llamando al (415) 226-0855 (voz) o comunicarse con el Servicio California Relay marcando al 711 para conectarse al número de teléfono mencionado. **Las solicitudes deben recibirse a más tardar cinco días laborables antes de la reunión para ayudar a asegurar la disponibilidad.** Para obtener información adicional, visite nuestro sitio web en <http://www.marintransit.org>

**Material de agenda de última hora puede ser inspeccionado en la oficina de Marin Transit, entre las horas de 8:00 am y 5:00 pm. La oficina está ubicada en 711 Grand Avenue, Suite 110, San Rafael, CA 94901.**



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May 7, 2018

Honorable Board of Directors  
Marin County Transit District  
3501 Civic Center Drive  
San Rafael, CA 94903

**SUBJECT: General Manager Report – Monthly Report**

Dear Board Members:

**board of directors**

stephanie moulton-peters  
president  
city of mill valley

damon connolly  
vice president  
supervisor district 1

dennis rodoni  
2nd vice president  
supervisor district 4

judy arnold  
director  
supervisor district 5

kate colin  
director  
city of san rafael

kathrin sears  
director  
supervisor district 3

katie rice  
director  
supervisor district 2

**RECOMMENDATION:** This is a recurring information item.

**SUMMARY:** The attached monthly report provides an overview of Marin Transit operations for the period ending March 31, 2018. The monthly reports summarize statistics on the performance of Marin Transit services, customer comments, and training activities under the District’s Mobility Management program.

Ridership in March 2018 decreased slightly compared to March 2017 (-0.2%). Ridership on fixed-route services increased 0.2% compared to the same month last year. Ridership on Marin Access services had an increase of 1.1%. The only program that showed a reduction in ridership was yellow bus that declined 7.5%.

Additional detailed analyses of system performance and trends are provided in separate quarterly and annual reports, including route-level statistics and financials. These reports are available on the District’s website at <http://marintransit.org/monitoringreports.html>.

**FISCAL/STAFFING IMPACT:** None associated with this report.

Respectfully submitted,

Nancy Whelan  
General Manager

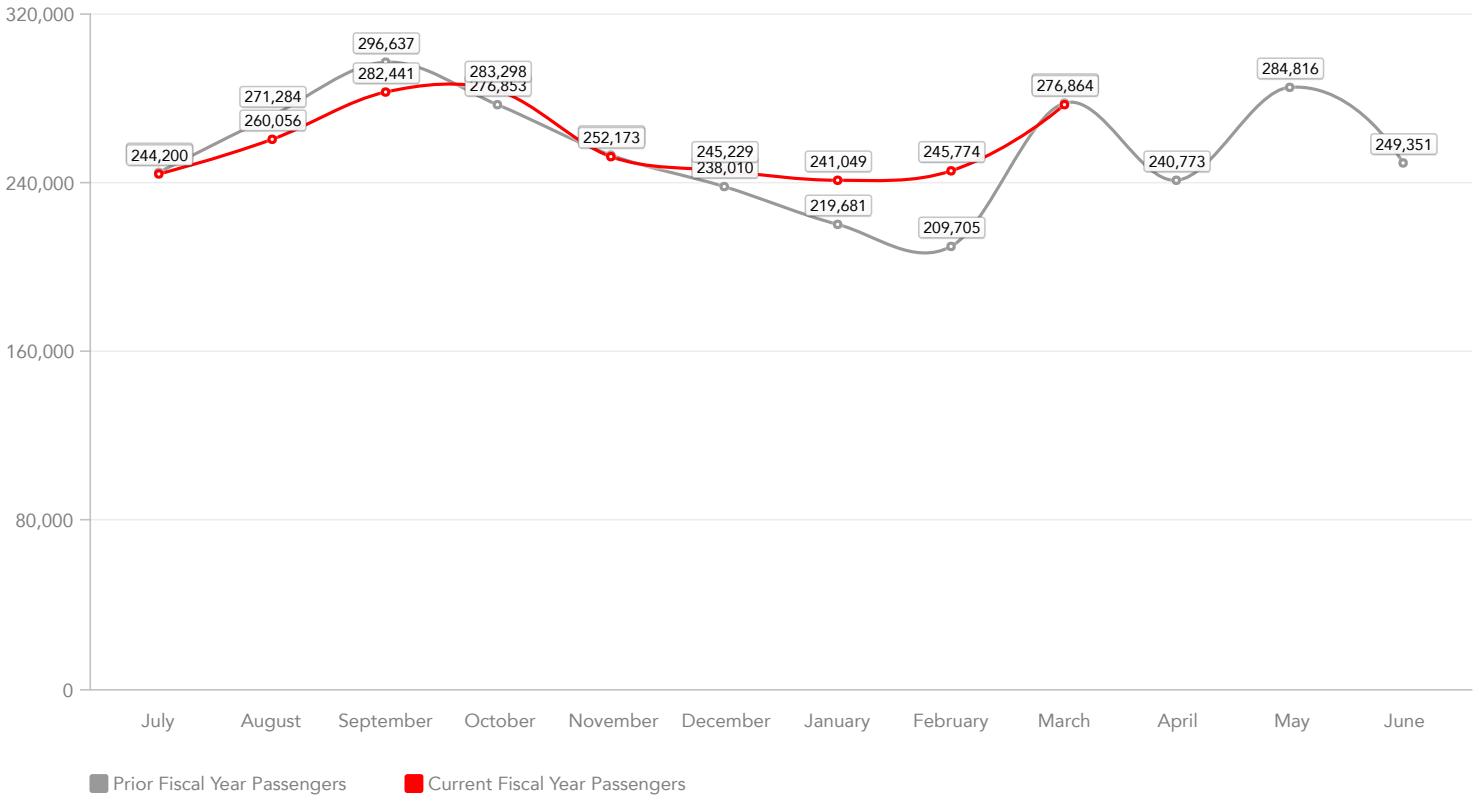
Attachments

FISCAL YEAR

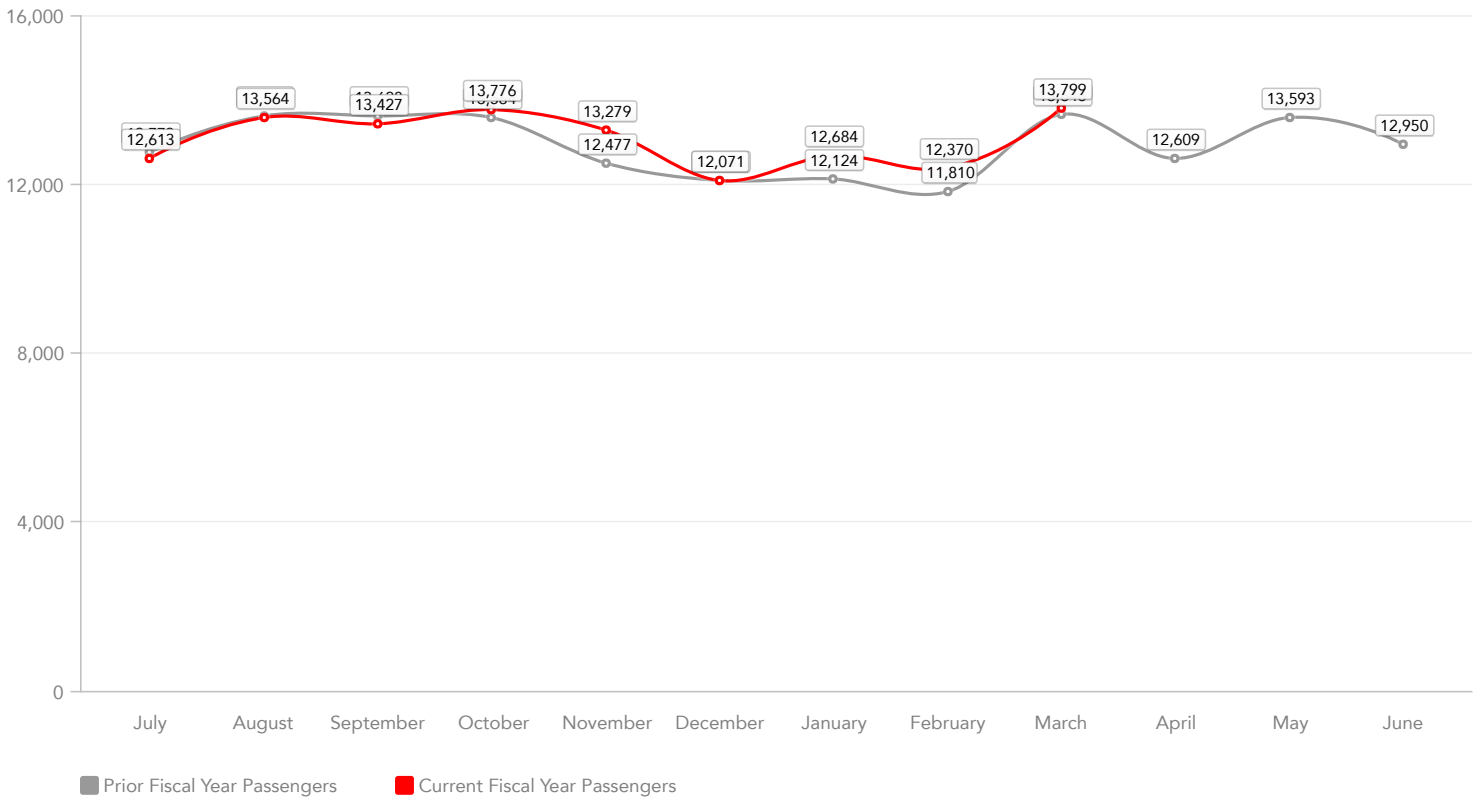
2018

### Year-to-Date Ridership Trends

Fixed-Route Passengers (incl. Yellow Bus) by Month



Demand Response Passengers by Month

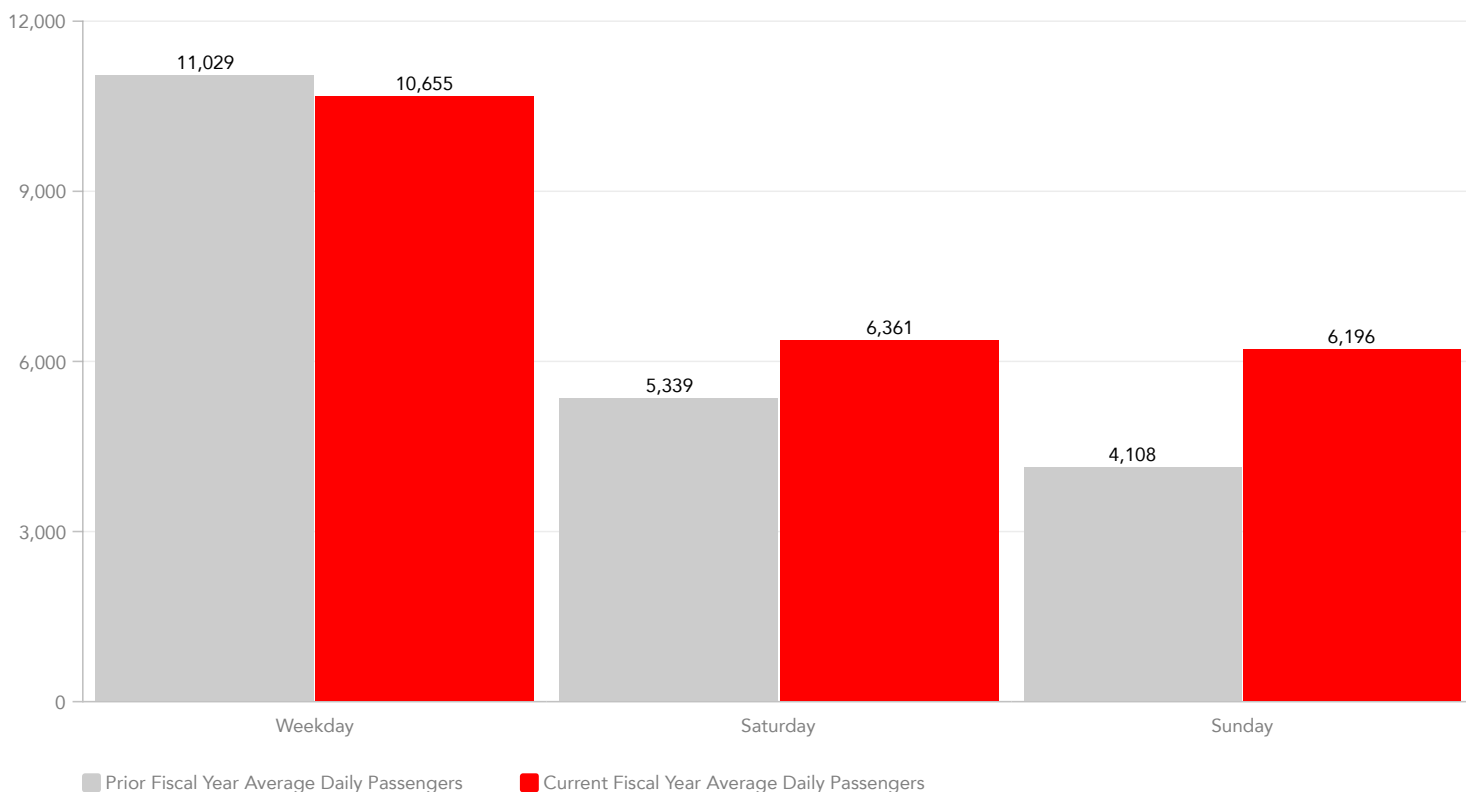


## Monthly Statistics

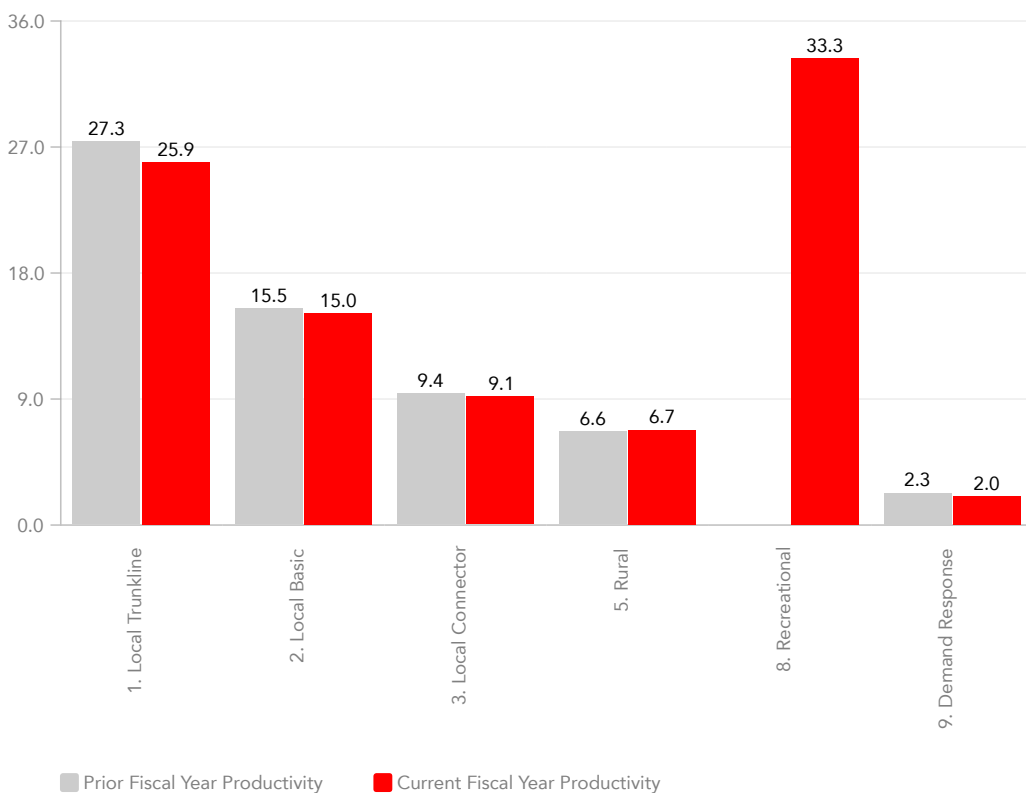
MONTH

March ▼

Average Systemwide Daily Passengers



Productivity (pax/hr) by Typology



### Route Typologies

- 1. Local Trunkline:  
Routes 35, 36, 71X
- 2. Local Basic:  
Routes 17, 22, 23, 23X, 29, 49
- 3. Local Connector:  
Routes 219, 228, 233, 245, 251, 257
- 5. Rural:  
Routes 61, 68
- 8. Recreational:  
Routes 66/66F
- 9. Demand Response:  
Local Paratransit, Novato Dial-A-Ride,  
Rural Dial-A-Ride



Month: March 2018		Program							Total
Category	Fixed-Route Local	Fixed-Route Shuttle	Stagecoach & Muir Woods	Supplemental & Yellow Bus	Demand Response	Mobility Management	Systemwide		
<b>Commendation</b>	4	1	0	0	6	0	0	11	
<b>Service Delivery Complaint</b>	25	3	2	5	5	0	0	40	
Accessibility	4	0	1	0	0	0	0	5	
Driver Conduct Complaint	5	1	0	0	1	0	0	7	
Driving Complaint	7	0	0	1	2	0	0	10	
Early Trip	2	0	0	0	0	0	0	2	
Equipment Issue	0	0	0	0	0	0	0	0	
Farebox	0	0	0	0	0	0	0	0	
Late Trip	1	0	0	4	1	0	0	6	
Missed Connection	0	0	0	0	0	0	0	0	
Missed Trip	0	0	0	0	1	0	0	1	
No-Show	0	2	0	0	0	0	0	2	
Off-Route	0	0	0	0	0	0	0	0	
Pass-Up Complaint	6	0	1	0	0	0	0	7	
<b>Service Structure Complaint</b>	1	2	1	2	2	1	1	10	
Bus Stop Improvement Request	0	0	1	0	0	0	0	1	
Fares	0	0	0	0	0	0	0	0	
Other Complaint	1	0	0	1	1	0	1	4	
Scheduling Complaint	0	1	0	1	1	1	0	4	
Service Improvement Suggestion	0	1	0	0	0	0	0	1	
<b>Safety Complaint</b>	0	0	0	0	0	0	0	0	

<b>Total Service Hours</b>	9,383	3,641	1,849	819	5,570	-	22,767	22,767
Commendations per 1,000 Hours	0.4	0.3	0.0	0.0	1.1	-	0.0	0.5
Complaints per 1,000 Hours	2.8	1.4	1.6	8.5	1.3	-	0.0	2.2

<b>Total Passengers</b>	181,941	33,035	23,519	38,369	11,178	2,621	290,663	290,663
Commendations per 1,000 Passenger:	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Complaints per 1,000 Passengers	0.1	0.2	0.1	0.2	0.6	0.4	0.0	0.2

## MARIN TRANSIT LOCAL ROUTES

- 17 Sausalito – Marin City – Mill Valley – San Rafael
- 22 San Rafael – San Anselmo – College of Marin – Marin City
- 23 Fairfax – San Anselmo – San Rafael – Canal
- 23X Canal – San Rafael – San Anselmo – Fairfax – Manor
- 29 Canal – San Rafael – Larkspur Landing – College of Marin – Marin General
- 35 Canal – San Rafael Transit – Marin Civic Center – Northgate Mall – Novato
- 36 Canal – San Rafael – Marin City
- 49 Novato – Hamilton – Northgate – Marin Civic Center – San Rafael
- 61 Sausalito – Marin City – Mill Valley – Stinson Beach – Bolinas
- 66 Sausalito – Marin City – Pohono – Muir Woods
- 68 San Rafael – San Anselmo – Pt. Reyes Station – Inverness
- 71X Novato – San Rafael – Marin City – Sausalito
- 113 Redwood High School – Paradise Cay
- 115 Sausalito – Marin City – Mill Valley – Strawberry – St. Hilary School
- 117 Neil Cummins / Hall MS – San Clemente Park
- 119 Tiburon – Belvedere – Redwood HS
- 122 College of Marin – San Anselmo – San Rafael
- 125 Lagunitas – Sir Francis Drake HS – San Anselmo Hub
- 139 Terra Linda High School – Lucas Valley
- 145 Terra Linda HS – Northgate Mall – Marin Civic Center – San Rafael
- 151 Hamilton – Ignacio – San Jose MS – Novato HS – San Marin HS
- 154 Olive – San Marin HS – Sinaloa MS – Downtown Novato
- 219 Strawberry – Belvedere – Tiburon
- 228 San Rafael – Larkspur Landing – San Anselmo – Fairfax – Manor
- 233 Santa Venetia – Marin Civic Center – Dominican – San Rafael
- 245 San Rafael – Northgate Mall – Kaiser Hospital – Smith Ranch Road
- 251 San Marin – Novato – Vintage Oaks – IVC – Ignacio
- 257 San Rafael – Northgate Mall – Kaiser Hospital – Marinwood – Hamilton – Ignacio

## **REGULAR MEETING OF THE MARIN COUNTY TRANSIT DISTRICT BOARD OF DIRECTORS**

**Held Monday, April 2, 2018 at 2:00 P.M.**

### **Roll Call**

**Present: President Moulton-Peters, Director Arnold, Director Sears, Director Colin**

**Absent: Vice President Connolly, Second Vice President Rodoni, Director Rice**

**President Moulton-Peters opened the meeting at 2:11 pm.**

1. [Open Time for Public Expression \(limited to three minutes per speaker on items not on the Transit District's agenda\)](#)

No one came forward to speak.

2. [Board of Directors' Matters](#)

President Moulton-Peters asked if any member of the Board wished to speak. Seeing none she called for the General Manager's report.

3. [General Manager's Report](#)

General Manager Nancy Whelan reported that ten hybrid electric buses were delivered to replace ten diesel buses operated by Golden Gate Transit. This delivery will further help achieve the District's greenhouse mission objectives. This also means that Marin Transit now owns 100 percent of its fleet. The older buses that are being retired were shared between Golden Gate Transit and Marin Transit. Ms. Whelan noted that 41 percent of Marin Transit's fleet are hybrid buses, and the life-span of these buses is 12 years. Renewable diesel will fuel the new hybrid buses.

Ms. Whelan reported that a community meeting on the redesign of the San Rafael Transit Center (SRTC) was held on March 20, 2018. Golden Gate Transit is leading the study for alternative locations for the SRTC. This meeting was the first of three formal community engagement meetings. In addition to the engagement meetings, riders can fill out a survey that is posted on the Marin Transit website and other social media outlets.

Ms. Whelan announced that Director of Finance and Capital Programs Lauren Gradia completed the Certified Public Finance Officers Program and was awarded the Government Finance Officers Association (GFOA) certificate. Ms. Gradia is now a certified public finance officer.



{Vice President Connolly present at 2:13 pm}

b. [Monthly Monitoring Report for February](#)

General Manager Nancy Whelan reported that systemwide ridership for the month of February has increased 16.3 percent compared to February of last year. Fixed route service increased by 17 percent, and paratransit increased by 4.7 percent compared to the previous year. Ms. Whelan noted that this is also the fifth consecutive month that ridership has increased. A more detailed trend analysis will be provided with the quarterly report.

4. [Consent Calendar](#)

a. [Minutes for February 26, 2018 and March 5, 2018](#)

b. [Contract with Brown Armstrong Accountancy for Independent Year End Audits](#)

c. [Purchase Agreement with Apollo Video Technology for Security Camera Systems for Ten Gillig Hybrid Buses](#)

**Recommended Action: Approve.**

M/s: Director Sears - Director Arnold

Ayes: President Moulton-Peters, Vice President Connolly, Director Colin

Noes: None

Absent: Second Vice President Rodoni, Director Rice,

5. [Contract for Operations and Maintenance with MV Transportation of Fixed Route Package 2 Services](#)

[Staff Report](#)

General Manager Nancy Whelan reported that MV Transportation was the only bidder for the Package 2 services, which includes 30,000 hours of service. Staff negotiated the final contract terms with MV Transportation since the Board's approval of the award at the April meeting. No changes to the price or financial structure were made to the original proposal. This contract has a three-year base with two option years. The total contract cost over the possible five years would be \$16,032,412.

**Recommended Action: Authorize Board President to execute agreement with MV Transportation for operation and maintenance of Marin Transit Fixed Route Package 2 service for an initial three-year term beginning on July 1, 2018 with two additional option years.**

M/s: Director Sears - Director Arnold

Ayes: President Moulton-Peters, Vice President Connolly, Director Colin

Noes: None

Absent: Second Vice President Rodoni, Director Rice

Absent: None

6. [Contract with Michael's Transportation Service, Inc. to provide Yellow School Bus Services](#)

[Staff Report](#)

School Operations Analyst Kelly Zalewski reported that the current contract with Michael's Transportation expires in June 2018. Marin Transit issued a request for proposals in January 2018 to continue the Yellow Bus service in Ross Valley. The request was a joint procurement with the Mill Valley School District. In the procurement, Marin Transit requested that proposers provide a pricing and operational plan consistent with current service levels.

In addition to providing a complete proposal, Ms. Zalewski reported that Michael's Transportation Service, Inc. maintained their pricing from the current academic year to the next without a cost of living increase. Ms. Zalewski noted that Marin Transit benefits from reduced price per bus per day because Marin Transit is able to provide the contractor with parking in the county. Ms. Zalewski noted that this is a short-term solution. The goal is to find a long-term parking solution that enable Marin Transit to maintain the current pricing for the program and keep costs predictable.

Director Kate Collin inquired about the parameters for school bus parking. Ms. Zalewski responded that the parking lot: accommodate 15 buses, and is 40-foot long, paved, secured, and lighted. Ms. Zalewski noted that the configuration must enable buses to enter and exit without any backup maneuvers.

Director Judy Arnold questioned why Ross Valley is being considered as a location instead of Mill Valley. Ms. Zalewski reported that the City of Mill Valley has a separate contract with Michael's Transportation Service, Inc. that expires at the same time. Marin Transit wrote a procurement that would allow both entities to request proposals for each of their services to facilitate a cohesive procurement.

President Moulton-Peters expressed her gratitude to Michael's Transportation Service, Inc.

**Recommended Action: Authorize General Manager to execute a pupil transportation services agreement (#171863) with Michael's Transportation Service, Inc and approve the Transportation Safety Plan included in Attachment G of the contract.**

M/s: President Moulton-Peters - Director Sears

Ayes: Vice President Connolly, Director Arnold, Director Colin

Noes: None

Absent: Second Vice President Rodoni, Director Rice, Director Lucan

Absent: None

7. [Performance Monitoring Discussion Update](#)

[Staff Report](#)

Director of Operations and Planning Robert Betts briefly recapped the performance monitoring discussion from the February 2018 meeting. Staff had presented five questions to the Board regarding service and performance monitoring and requested feedback. Staff also requested input to identify where Marin Transit should make potential changes to services or performance monitoring.

Mr. Betts gave a brief overview of the complete list of potential changes to the service monitoring program and requested the Board's support for minor service cancellations in local Trunk line service and local basic service. Staff would reinvest these funds to increase service hours for school services that experience overcrowding. Mr. Betts noted that that these changes account for less than one percent of the District's total fixed route service and these are low ridership trips as well as trips that have alternatives for riders.

Mr. Betts also requested adjustments on four of the seven subsidy targets. These include increasing the subsidy per passenger for the Trunk line services from \$3 per passenger to \$4.50; Basic from \$5 per passenger to \$6.50; and Local Connector from \$8 to \$9. On paratransit and the Catch-a-Ride programs, he recommended that the subsidy target increase from \$30 to \$35 per passenger. Mr. Betts stated that financial conditions have changed over the last twelve years. Some of Marin Transit's decisions have impacted the District's costs. These include increasing driver wages to improve driver retention and recruitment.

To justify these proposed changes, staff reviewed the history of the original targets to understand how they were developed and how they have changed over the years. Mr. Betts reported that staff has come up with this list based on the data analysis presented at the February meeting. This included the results from last year's onboard survey.

Compared to our peer agencies in the Bay Area, Marin Transit's farebox recovery is fifth, with an 18 percent recovery. For passengers per revenue hour, Marin Transit is second among the 16 small operators at nearly 20 passengers per hour. Mr. Betts noted that Marin Transit is seventh on the list with regards to cost-effectiveness. Mr. Betts remarked that performance is in line with Marin Transit's peers, if not better.

President Moulton-Peters asked how many passengers the local Trunk line buses carry. Mr. Betts responded that most of the buses that operate on Trunk line routes seat 52 or 54 passengers.

Director Colin remarked that this is a great approach and that Marin Transit has her full support. Director Sears stated that the proposal is very helpful and makes a lot of sense. Vice President Connolly remarked that these changes have been a long time coming as these trips are probably underperforming. Director Sears questioned how staff will communicate the service alternatives. Mr. Betts responded that alternatives are indicated through social media, Marin Transit's website, postings on the buses, and in trip planning tools on the new website.

**Recommended Action: Approve new performance targets and fixed route service adjustments.**

M/s: Director Sears – Director Arnold

Ayes: President Moulton-Peters, Vice President Connolly, Director Colin

Noes: None

Absent: Second Vice President Rodoni, Director Rice

Absent: None

8. [Marin Transit Connect On-Demand Transit Pilot Project](#)

[Staff Report](#)

Senior Transportation and Mobility Planner Erin McAuliff provided an overview of Marin Transit Connect, a pilot shared-ride shuttle service proposed to serve northern San Rafael. The initial pilot service will be available weekdays from 7:00 AM to 7:00 PM. Based on ridership demand, the service may be expanded to weekends. The program is planned to launch in late Spring 2018.

Director Colin inquired about the cost of the service and whether it would be restricted to trips that start and end within that service area. Ms. McAuliff responded that based on community outreach with employers and senior residential facilities, Marin Transit staff recommends an initial \$4 price point. The pilot project will only serve trips that start and end in the service area.

Vice President Connolly inquired about how staff selected the service area. Ms. McAuliff responded that Marin Transit worked closely with the software provider, Via Transportation, Inc. Via recommended that this is the strongest area based on several factors. These include: ridership data from Marin Transit's current services, the size of the geographic area, the number of vehicles needed to accommodate the goals of pilot, and their overall experience.

Director of Operations & Planning Robert Betts added that the selected area offers the right mix of trip purposes and the ability to test multiple markets.

President Moulton-Peters inquired about the pilot's funding source. Ms. McAuliff responded that sources include funding from federal Section 5310 program, the Measure B vehicle license fee, and fares.

**Recommended Action: Approve Marin Transit Connect pilot project with a soft launch and a twelve-month pilot period.**

M/s: President Moulton-Peters - Director Sears

Ayes: Director Arnold, Vice President Connolly, Director Colin

Noes: None

Absent: Second Vice President Rodoni, Director Rice

Absent: None

[Adjourn](#) President Moulton-Peters adjourned the meeting at 3:00 pm.

SINE DIE

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PRESIDENT

ATTEST:

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CLERK





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#### board of directors

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city of mill valley

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vice president  
supervisor district 1

dennis rodoni  
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judy arnold  
director  
supervisor district 5

kate colin  
director  
city of san rafael

kathrin sears  
director  
supervisor district 3

katie rice  
director  
supervisor district 2

June 4, 2018

Honorable Board of Directors  
Marin County Transit District  
3501 Civic Center Drive  
San Rafael, CA 94903

### **SUBJECT: Revised Marin Transit Procurement Policies and Procedures**

Dear Board Members:

**RECOMMENDATION:** Approve Revised Marin Transit Procurement Policies and Procedures

#### **SUMMARY:**

In April 2012, your Board adopted Marin Transit's Procurement Policies and Procedures to ensure full and open competition and conform to applicable federal, state, and local law. These policies and procedures have been updated to reflect the requirements under the Federal Transit Administration Circular 2 CFR part 200. These are the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Current Marin Transit procurement approval levels are maintained under this revision: Up to \$5,000 for Finance Manager; Up to \$25,000 for the General Manager; and Over \$25,000 for the Board of Directors.

FTA establishes procurement thresholds for which procurement methods and documentation requirements are determined. In the revised Marin Transit policies, the purchasing thresholds have been updated to conform with the FTA thresholds as follows:

**Micro-purchases** are defined as purchases under \$25,000 (under \$3,500 if federal funds are involved). The previous federal threshold for Micro-purchases was \$3,000.

**Small Purchases** are purchases over the micro-purchase threshold up to \$150,000. For these purchases at least two quotes from qualified vendors must be obtained. Although this purchase method may be used for procurements up to \$150,000 in many cases, and particularly for professional services, Marin Transit will issue formal Requests for Proposals. The previous federal threshold for Small Purchases was \$100,000.

## Summary of Changes by Section

In addition to updating purchasing thresholds, Marin Transit's revised *Procurement Policies and Procedures* primarily updates the sections as described below:

### 3. General Procurement Standards

The revision updates the sections on Standards of Conduct and Economic Purchasing. A new section 3.4 has been added on Procurement Process and Oversight Responsibilities.

### 4. Full and Open Competition

Adds section 4.4 Record of Procurement Transactions.

### 6. Contract Types and Provisions

Adds section 6.3 Purchase by Sealed Bids (formal advertising). Add section 6.5 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

### 8. Contract Provisions

Under 8.4 Bonding Requirements, revises section 8.4.1 Construction to update requirements for bid bonds, performance bonds, and payment bonds.

*Replaces Appendix A - Applicability of Third-Party Contract Clauses (excluding micro-purchases, except for construction contracts over \$2,000)*

With your Board's approval, staff requests that you authorize the General Manager to make minor changes to the *Procurement Policies and Procedures* to correct formatting and typographical errors.

**FISCAL/STAFFING IMPACT:** There is no fiscal impact associated with approving these revised *Procurement Policies and Procedures*.

Respectfully submitted,



Amy Van Doren  
Director of Policy and Legislative Programs

Attachment: Revised Marin Transit Procurement Policies and Procedures





## **MARIN TRANSIT**

### **PROCUREMENT POLICIES AND PROCEDURES**

Policy #:	PU-02
Subject:	Procurement
Effective Date:	April 30, 2012
Revision Date:	May 7, 2018

## TABLE OF CONTENTS

<b>1. APPLICABILITY</b> .....	1
1.1. Governance .....	1
1.2. Contracts Outside the Scope of This Policy .....	1
1.2.1. Real Property .....	1
1.2.2. Other Acquisitions .....	1
1.2.3. Revenue Contracts .....	2
1.2.4. Employment Contracts .....	2
<b>2. CONTRACTING AUTHORITY AND CONTRACT APPROVAL</b> .....	2
2.1. Contract Approval Requirements .....	2
2.1.1. Purchasing Thresholds .....	2
2.1.2. Board of Marin Transit Approval .....	2
2.1.3. General Manager Approval .....	2
2.1.4. Director of Finance and Capital Programs Approval .....	2
2.1.5. Delegations .....	3
2.1.6. Change orders .....	3
2.1.7. Emergencies .....	3
<b>3. GENERAL PROCUREMENT STANDARDS</b> .....	3
3.1. Standards of Conduct .....	3
3.2. Economic Purchasing .....	4
3.3. Specifications .....	4
3.4 Procurement Process and Oversight Responsibilities .....	5
3.5 Joint Procurement .....	6
3.6 Record Keeping .....	6
3.7 Use of Existing Contracts .....	6
3.7.1 GSA, State of California, and Local Government Purchasing Schedules ....	6
3.7.2 Acquisition Through Assigned Contract Rights “Piggybacking” .....	7
3.7.3 Options .....	7
3.7.4 Impermissible Contract Actions .....	7
3.7.4.1 Improper Contract Expansion .....	7
3.7.4.2 Cardinal Change .....	8
3.8 Protests .....	8
3.9 Contract Period .....	8
<b>4. FULL AND OPEN COMPETITION</b> .....	8
4.1. Competition .....	9
4.2. Restrictions on Competition .....	9
4.3. Geographic Preferences .....	10
4.4 Record of Procurement Transactions .....	10
<b>5. CONTRACT TYPES</b> .....	11
5.1. Typical Contract Types .....	11
5.1.1. Firm Fixed Price .....	11
5.1.2. Cost Reimbursement and Cost plus Fixed Fee .....	11
5.2. FTA Prohibited or Restricted Contract Types .....	11
5.2.1. Cost Plus a Percentage of Cost – Prohibited .....	11
5.2.2. Percentage of Construction Cost - Prohibited .....	11

5.2.3. Time and Materials – Restricted.....	11
<b>6. METHODS OF PROCUREMENT.....</b>	<b>12</b>
6.1. Micro-purchases.....	12
6.2. Small Purchases .....	12
6.3 Purchase by Sealed Bids (formal advertising) .....	13
6.4 Competitive Solicitations (IFB and RFP).....	15
6.4.1 General Standards for Either IFB or RFP .....	15
6.4.2 Advertising .....	15
6.4.3 Pre-Qualification .....	15
6.4.4 Selection Procedures.....	16
6.4.5 Amendments .....	16
6.4.6 Invitation for Bid (IFB) .....	16
6.4.7 When to use IFB .....	16
6.4.8 IFB Procedures .....	17
6.4.9 Single Bid .....	17
6.4.10 Request for Proposal (RFP).....	18
6.4.11 When to use RFP .....	18
6.4.11.1 Contract Type for RFP.....	18
6.4.11.2 Evaluation Factors .....	18
6.4.13 Revised Proposals.....	18
6.4.14 Best and Final Offer .....	19
6.4.15 Special Procurement Considerations .....	19
6.4.15.1 Two-Step Procurement Procedures.....	19
6.4.15.2 Architectural and Engineering (A&E) and Other Professional Services ..	19
6.4.15.3 Design Build.....	21
6.4.16 Sole Source .....	21
6.4.16.1 Justification for Sole Source .....	21
6.4.16.2 Documentation.....	23
6.4.17 Options .....	23
6.4.18 Electronic Commerce.....	24
<b>7 CONTRACT COST AND PRICE ANALYSIS.....</b>	<b>25</b>
7.1 Requirement .....	25
7.2 Independent Cost Estimate .....	25
7.3 Cost Analysis .....	25
<b>8 CONTRACT PROVISIONS .....</b>	<b>26</b>
8.1 Federal Contract Provisions .....	26
8.2 Disadvantaged Business Enterprise (DBE).....	26
8.3 Liquidated Damages.....	27
8.4 Bonding Requirements .....	27
8.4.1 Construction .....	27
8.4.2 Non-Construction .....	27
8.4.3 Alternate Method of Security .....	28
8.5 Industry Contracts .....	28
8.6 Levine Act .....	28
8.7 Non-Collusion Declaration.....	28

8.8 Payment Provisions.....	28
8.8.1 Advance Payments .....	28
8.8.2 Progress Payments.....	29
<b>9 RECEIPT AND EVALUATION OF BIDS AND PROPOSALS .....</b>	<b>29</b>
9.1 Sealed Bids .....	29
9.2 Competitive Proposals.....	29
9.3 Responsiveness Review .....	30
9.4 Responsibility Review.....	30
9.5 Evaluations .....	31
9.5.1 General .....	31
9.5.2 Options .....	31
9.5.3 Evaluators .....	31
<b>10 CONTRACT ADMINISTRATION .....</b>	<b>31</b>
10.1 Contract Administration.....	31
10.2 File Contents.....	32
<b>11 CHANGE ORDERS.....</b>	<b>32</b>
11.1 Definition .....	32
11.2 Submittal .....	33
11.3 Evaluation .....	33
11.4 Documentation.....	34
<b>12 CONTRACT CLOSEOUT.....</b>	<b>34</b>
APPENDIX A - Applicability of Federal Contract Provisions .....	30
APPENDIX B - Federal Certifications Reports and Forms.....	32

## 1. APPLICABILITY

This document sets forth Marin Transit's requirements for solicitation, award, and administration of its procurement actions. The purpose of these policies and procedures is to ensure competitive procurements and conform to applicable Federal, State, and local law.

These policies and procedures apply to all Marin Transit contracts and purchases regardless of funding sources, except as specifically stated.

### 1.1. Governance

Marin Transit's procurement actions are primarily governed by the California Government Code Section 54201-54205 and by the Federal Transit Administration (FTA) Circular 4220.1F (C 4220.1F) and Super Circular, 2 CFR part 200. Additionally, as required under California Public Contract Code Division 2, of Part 3, of Chapter 1, of Article 12, Marin Transit shall purchase all supplies, equipment and materials, and construction of facilities and works, in the same manner, procedure and subject to the same limitations applicable to the County of Marin.

In all procurements using any amount of Federal funds, Federal requirements shall generally supersede State law. Where no Federal funds are involved, procurement actions shall be governed by applicable State law. References to statutes or regulations in this document shall be deemed to refer to any subsequent revisions or amendments which may be enacted from time to time.

### 1.2. Contracts Outside the Scope of This Policy

#### 1.2.1. Real Property

Procurements of real property consisting of land and any existing buildings and structures on that land are beyond the scope of this policy. However, this policy does apply to construction of buildings, structures, or appurtenances that were not on land when that land was acquired. This policy also applies to any alterations or repairs to building or structures existing on that land when that land was acquired, to transactions in support of real property acquisition such as real estate consultants, and to leases.

#### 1.2.2. Other Acquisitions

This policy shall not apply to: joint development projects (except construction); purchases from government-regulated entities such as public utilities that are granted market exclusivity by the regulating agency; purchases of professional subscriptions, memberships, seminars, and expenses in connection with industry meetings and conferences; travel

and living expenses on Marin Transit business; and other similar expenditures incidental to the routine conduct of Marin Transit's business.

### 1.2.3. Revenue Contracts

Revenue contracts are not subject to this policy. A revenue contract is one in which Marin Transit provides access to public transportation assets for the primary purpose of either producing revenues in connection with a public transportation-related activity or creating business opportunities involving the use of Marin Transit property. Where feasible, a competitive process suitable to the type and scope of the activity involved and the availability of competition shall be conducted, for example where there are several potential competitors for a limited opportunity (such as advertising space associated with Marin Transit assets). Where the nature of an opportunity allows reasonably unlimited access for all competitors, the opportunity shall be made available to all such parties without restriction.

### 1.2.4. Employment Contracts

Employment contracts are not subject to this policy, as they involve individuals becoming employees of Marin Transit.

## **2. CONTRACTING AUTHORITY AND CONTRACT APPROVAL**

### 2.1. Contract Approval Requirements

#### 2.1.1. Purchasing Thresholds

Micro-purchases are purchases of \$25,000 or less if no Federal funds are involved and \$3,500 or less if Federal funding is present.

Small purchases are purchases valued at more than the micro-purchase limit but less than the Federal Transit Administration small purchase threshold, currently \$150,000.

#### 2.1.2. Board of Marin Transit Approval

All contracts for goods or services in excess of \$25,000 must be awarded by approval of the Board of Marin Transit.

#### 2.1.3. General Manager Approval

All contracts valued at less than \$25,000 but over \$5,000 shall be approved by the General Manager in writing.

#### 2.1.4. Director of Finance and Capital Programs Approval

Purchases under \$5,000 may be approved by the Director of Finance and Capital Programs.

#### 2.1.5. Delegations

The authorizations specified above may be delegated in whole or in part, by written direction of the holder of the authority.

#### 2.1.6. Change orders

The above authorizations apply to both new procurements and to change orders.

#### 2.1.7. Emergencies

The General Manager may authorize the award of contracts or change orders exceeding Marin Transit's threshold for approval in the following cases:

- When emergency action is required to prevent loss of life, damage to property, a threat to public safety or the environment, or the disruption of transit service or other essential functions of Marin Transit.
- Where an emergency has been declared by local, State or national officials affecting Marin Transit's service area, directly or indirectly, or a request for waiver of regulatory requirements has been entered on FTA's Emergency Docket.

All emergency procurements must be documented in writing.

### **3. GENERAL PROCUREMENT STANDARDS**

#### 3.1. Standards of Conduct

The Marin Transit Board of Directors has adopted a separate written code of conduct that conforms to FTA Circular 4220.1F. This sets forth the required standards of conduct relating to all procurement activities. The standards of conduct cover conflicts of interest and govern the actions of employees engaged in the selection, award, or administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of Marin Transit may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct provides for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of Marin Transit.

In addition, under the California Political Reform Act, all public agencies are required to adopt a conflict of interest code that designates positions required to file Statements of Economic Interests (Form 700).

### 3.2. Economic Purchasing

Marin Transit shall avoid acquisition of unnecessary or duplicative items. From time to time, Marin Transit shall review procurement activity to determine if certain classes of purchases should be consolidated or broken out to obtain more economical pricing. Where appropriate, analysis shall also be made of lease versus purchase alternatives or any other appropriate methodology to determine the most economical approach. Marin Transit shall enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

The District shall use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. Marin Transit shall use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

### 3.3. Specifications

All solicitations shall have a clear and accurate description of the technical requirements for the material, product, or service to be procured. These descriptions shall not, in competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, describe minimum essential characteristics and standards to which the product or services must perform. Whenever practical, requirements shall be described in terms of functions to be performed or level of performance required, including the range of acceptable characteristics or minimum acceptable standards. Detailed product specifications are to be avoided if at all possible. When it is impractical or uneconomical to write a clear and accurate description of the technical requirements, a “brand name or equal” description may be used as a means to define the performance;



however, when this method is used, the specification must set forth the salient characteristics that the product must meet, and vendors shall be allowed to offer “equal” products meeting the salient characteristics. Specifications for bid solicitations, whether by small purchase or formal procurement, shall be sufficiently detailed to ensure that bidders may submit pricing on like products. Specifications or scopes of services for negotiated procurements may be more general and accommodate the possibility of alternative solutions or products.

### 3.4 Procurement Process and Oversight Responsibilities

Marin Transit shall award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

(i) Marin Transit shall maintain records sufficient to detail the history of procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(j) (1) Marin Transit may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to Marin Transit is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract will set a ceiling price that the contractor exceeds at its own risk. Further, Marin Transit will assert a high degree of oversight of the contract to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) In accordance with good administrative practice and sound business judgment, Marin Transit shall be entirely responsible for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to: source evaluation, protests, disputes, and claims. These standards do not relieve Marin Transit of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for Marin Transit’s unless the matter is primarily a

Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

### 3.5 Joint Procurement

When appropriate, Marin Transit shall consider combining or “pooling” their procurements to obtain better pricing. In general, joint procurements are often more desirable than procurements through assignment (see 3.6.2 below) because an assignment does not represent the combined buying power of more than one purchaser at the time when prices are established. A joint procurement may also offer the advantage of permitting Marin Transit to acquire property and services more closely responsive to the District’s material requirements than would be available through assignment of existing contract rights.

### 3.6 Record Keeping

Marin Transit shall maintain records detailing the history of a procurement in a manner consistent with the size, complexity and cost of the contract. Federal regulations require these records to be maintained for three years after Marin Transit has made final payment and all other pending matters are closed. At a minimum, the procurement history must include the following information:

- Rationale for the method of procurement (i.e. IFB, RFP, sole source.)
- Sole source justification for any purchase that is not competitive
- Selection of contract type (i.e. fixed price, cost reimbursement)
- Reasons for contractor selection or rejection
- Written responsibility determination for the successful contractor
- Basis for contract price (i.e. cost/price analysis)

### 3.7 Use of Existing Contracts

#### 3.7.1 GSA, State of California, and Local Government Purchasing Schedules

Both the U.S. General Services Administration (GSA) and the California Department of Governmental Services maintain purchasing schedules or purchasing contracts for various commodities and services. Marin Transit may use contracts of this type in accordance with the governing law and regulations of the agency establishing them.

Marin Transit may also use other state or local government purchasing schedules. In this instance a state or local government has made an

arrangement with several vendors in which those vendors agree to provide essentially an option to the state or local government, and its subordinate government entities, to acquire specific property or services in the future at established prices. The state or local government then, with the agreement of the vendor, provides the listed property or services to others. The CalACT/MBTA Vehicle Purchasing Cooperative would be an example of this procurement method.

### 3.72 Acquisition Through Assigned Contract Rights “Piggybacking”

Marin Transit may use contract rights assigned from another agency when that agency finds that it has inadvertently acquired contract rights in excess of its needs (sometimes referred to as “piggybacking”). A number of FTA requirements must be met before such a contract may be used. FTA requires that the existing contract contain an assignability clause and all required FTA contract clauses and certifications; these clauses cannot be added by Marin Transit as part of its use of the existing contract. All quantities acquired by assigned contract rights must be within the original contract quantities (including options) and acquired within the term of the existing contract. Marin Transit must determine that the agency with the contract complied with all FTA requirements relating to competition and performance of a cost or price analysis. Marin Transit must also perform its own cost or price analysis to determine that the prices it shall pay are fair and reasonable. Marin Transit staff shall ensure all appropriate documentation from the original awarding agency is retained in the procurement file for that acquisition.

### 3.7.3 Options

Marin Transit may include options in its contracts to ensure the future availability of property or services. An option is a unilateral right such that for a specified time the District may acquire more equipment, supplies, or services than originally procured. An option may also extend the term of the contract.

### 3.7.4 Impermissible Contract Actions

The following contract actions are not permitted on projects funded with Federal assistance.

#### 3.7.4.1 Improper Contract Expansion

A contract shall not be expanded when it includes a larger scope, greater quantities, or options beyond the original reasonably anticipated needs. A contract shall not be expanded when excess capacity has been added primarily to permit assignment of those contract rights to another entity.

### 3.7.4.2 Cardinal Change

A significant change in contract work (property or services) that causes a major deviation from the original purpose of the work or the intended method of achievement, or causes a revision of contract work so extensive, significant, or cumulative that, in effect, the contractor is required to perform very different work from that described in the original contract, is a cardinal change. Such practices are sometimes informally referred to as “tag-ons”. A change within the scope of the contract (sometimes referred to as “in-scope” change) is not a “tag-on” or cardinal change.

Recognizing a cardinal change to a contract can be difficult. FTA has not developed a finite list of acceptable contract changes. Tests to determine if a change is a cardinal change involve the nature and extent of the work to be performed, the amount of effort involved, whether the change was originally contemplated at the time the original contract was entered into, or the cumulative impact on the contract’s quantity, quality, costs and delivery terms.

In the case of rolling stock, a major change in quantity or a substitution of major end items not contemplated when competition for the original award took place would generally be a cardinal change. Additional guidance on cardinal changes can be found on page V-7 and V-8 of the FTA Circular 4220.1F and in the FTA Best Practices Procurement Manual, section 9.2.1- Contract Scope and Cardinal Changes.

### 3.8 Protests

Marin Transit has adopted a bid protest policy to provide remedy for supplier protests that cannot be informally resolved.

### 3.9 Contract Period

The period of contract performance for rolling stock and replacement parts cannot exceed five years, inclusive of options, as defined in FTA Circular 4220.1F. The length of all other contracts shall be based upon sound business judgment, including consideration of issues such as the nature of the item being purchased, the need to afford the contractor a reasonable opportunity to recapture any start-up costs, the need to afford competing vendors the opportunity to do business with Marin Transit, and the relative benefit to Marin Transit of a longer or shorter contract term. All contracts must specify a contract period of performance, either in the form of delivery schedules for contract deliverables such as commodities, or a specific end date for service contracts.

## **4. FULL AND OPEN COMPETITION**

#### 4.1. Competition

All procurement transactions shall be conducted in a manner intended to maximize full and open competition. Full and open competition means that all responsible sources are permitted to compete. In implementing this standard, staff members are expected to be aggressive in identifying potential vendors for each procurement. At a minimum, each procurement expected to cost above \$150,000 (the FTA small purchase threshold) shall be posted on Marin Transit website's procurement page for downloading, and known vendors shall be directly informed of the project and encouraged to respond to the solicitation. In addition, each competitive procurement above the small purchase threshold may be advertised in local, and, as appropriate, regional, national and trade publications. The advertisement and notice should provide the solicitation title, the date of any pre-bid or pre-proposal conference, and the date and time for receipt of responses to the solicitation. Advertisements and notices shall be issued at the beginning of the solicitation period or as soon after as practical to accommodate the advertising schedules of publications. For procurements within the small purchase threshold formal advertising is not required but may be used if appropriate.

#### 4.2. Restrictions on Competition

All procurement transactions over \$3,500 shall be conducted in a manner providing full and open competition, without providing an unfair competitive advantage to any potential vendor. Some of the situations considered to be restrictive of competition include, but are not limited to:

- Unreasonable requirements placed on firms in order for them to qualify to do business.
- Unnecessary or excessive experience, excessive bonding, insurance, warranty or similar requirements which affect an otherwise qualified firm's ability to compete. Such requirements must also, however, be established in a manner consistent with protection of Marin Transit's interests.
- Noncompetitive pricing practices between firms or between affiliated companies.
- Noncompetitive awards to any person or firm on retainer contracts.
- Organizational conflicts of interest.
- Specifying only a "brand name" product, without specifying that equivalent products shall be accepted and providing salient characteristics or other descriptive information sufficient to allow bidders to identify and propose such equivalent products.

- The use of specification requirements and evaluation criteria that unnecessarily favor an incumbent contractor.
- Any arbitrary action in the procurement process.

#### 4.3. Geographic Preferences

This section is applicable only to FTA-funded procurements.

Procurement transactions shall be conducted in a manner that prohibits the use of statutory or administratively imposed state, local, or tribal geographical preferences in the solicitation and evaluation of bids or proposals, except in those cases where applicable Federal statutes or regulations expressly mandate or permit geographic preference. This does not preempt State or local licensing laws. However, geographic location may be a selection criterion in procurements for architectural and engineering (A&E) services, provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

#### 4.4 Record of Procurement Transactions

Marin Transit shall use written procedures for procurement transactions. These procedures ensure that all solicitations:

- Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications shall be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description shall be used to define the performance or other salient requirements of procurement. The specific features of the named brand that must be met by offers shall be clearly stated; and
- Identify all requirements that the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

Marin Transit shall ensure that all prequalified lists of persons, firms, or products that are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, Marin Transit will not preclude potential bidders from qualifying during the solicitation period.

## 5. CONTRACT TYPES

### 5.1. Typical Contract Types

#### 5.1.1. Firm Fixed Price

A firm fixed price contract includes a price that remains fixed irrespective of the contractor's cost experience in performing the contract. A firm fixed price contract may include an economic price adjustment provision, incentives, or both.

#### 5.1.2. Cost Reimbursement and Cost plus Fixed Fee

A cost plus fixed fee contract provides that the contractor shall be reimbursed for its labor and material costs and for its direct expenses, plus a fixed fee for profit that is paid regardless of any overrun or under-run of the total costs established at time of contract award. The intent is to provide the contractor with an incentive to work as efficiently as possible in order that the fee shall represent a higher percentage of its costs. This type of contract may also provide for other types of fee as incentives for improved performance.

### 5.2. FTA Prohibited or Restricted Contract Types

#### 5.2.1. Cost Plus a Percentage of Cost – Prohibited

Contracts that are structured with payment provisions based on the incurrence and payment of actual costs, such as direct labor, with a fixed percent mark-up on the actual costs incurred for (a) profit, (b) indirect costs, (c) or both, are prohibited by Federal statute.

#### 5.2.2. Percentage of Construction Cost - Prohibited

#### 5.2.3. Time and Materials – Restricted

A time and material contract or change order is one in which a clear scope cannot be defined, due to unknown conditions or circumstances affecting the work. Typically, this shall involve an emergency situation. Since such contracts provide no incentive for the contractor to work efficiently or in a cost-effective manner, FTA restricts their use to situations in which no other type of contract is feasible. Such contracts shall specify a ceiling price (a limitation of funding) that the contractor shall not exceed except at its own risk. The contractor's accounting system must be verified to ensure that it is adequate to properly segregate and bill costs and thorough oversight is required to verify the amount of work performed and materials used. Every effort shall be made to limit the scope of a time and materials contract or change order until another type of contract or change order can be established.

## 6. METHODS OF PROCUREMENT

### 6.1. Micro-purchases

Micro-purchases are purchases of \$3,500 or less if Federal funds are involved, or \$25,000 for projects entirely funded without Federal funds. Micro-purchases can be made without obtaining competitive quotations. These purchases are exempt from FTA's Buy America requirements. Davis–Bacon prevailing wage requirements, however, shall apply to Federal construction contracts exceeding \$2,000. Micro-purchases shall be distributed equitably among qualified suppliers. Purchases shall not be divided or reduced in size merely to come within the micro-purchase limit.

The only documentation requirement for micro-purchases is a determination that the price is fair and reasonable and a description of how this determination was made. The documentation shall state that: "The price(s) paid for items are determined to be fair and reasonable, based on the following:"

- Adequate competition (two or more quotes received with an award made to lowest)
- Current price lists or off-the-shelf pricing
- Catalog price
- Prices found reasonable on recent previous purchases
- Advertisements
- Similar items in a related industry
- Independent price estimate (attach documentation)
- Other (cite basis)

### 6.2. Small Purchases

Small purchases are relatively simple and informal solicitations for services, supplies, or other property valued at more than the micro-purchase limit but less than the FTA small purchase threshold, currently \$150,000. These purchases are exempt from FTA's Buy America requirements.

The following procedures apply to small purchases:

- Price or rate quotes must be obtained from an adequate number of qualified sources.



- Purchases shall not be divided or reduced in size merely to come within the small purchase limit.
- The request for quotes and the actual quoted prices must be documented in the procurement file.

### 6.3 Purchase by Sealed Bids (formal advertising).

a) Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

b) For sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

c) If sealed bids are used, the following requirements apply:

(i) Bids shall be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids shall be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason.

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(1) Requests for proposals shall be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(2) Proposals shall be solicited from an adequate number of qualified sources;

(3) Marin Transit shall have a written method for conducting technical evaluations of the proposals received and for selecting recipients;

(4) Contracts shall be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(5) Marin Transit may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(e) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

(1) The item is available only from a single source;

(2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from Marin Transit; or

(4) After solicitation of a number of sources, competition is determined inadequate.

## 6.4 Competitive Solicitations (IFB and RFP)

### 6.4.1 General Standards for Either IFB or RFP

#### 6.4.2 Advertising

The intent of advertising a solicitation is to make every reasonable effort to inform potential vendors of the business opportunity. Each such solicitation shall be posted on the procurement page of Marin Transit's website. If deemed appropriate the solicitation shall be published in appropriate local, regional, national, and trade media designed to reach the target vendor pool or posted on applicable trade association or other websites.

#### 6.4.3 Pre-Qualification

Pre-qualification or other methods of restricting responses shall not ordinarily be used unless required for security or public safety reasons or by law. If vendors are to be pre-qualified for a specific procurement, the following requirements apply:

- The qualifications standards must be limited to those essential for the procurement.
- Any pre-qualification list used is current.
- The prequalification process must include enough qualified sources to provide maximum full and open competition.
- Potential bidders or offerors must be permitted to qualify during the solicitation period (from the issuance of the solicitation to its closing date). However, a particular solicitation need not be held open to accommodate a potential supplier that applies for approval before or during that solicitation, nor must prequalification evaluations of bidders, offerors, or property presented for review during the solicitation period be expedited or shortened to conform to the solicitation period.
- Any prequalification testing, or testing of potential approved equal products, must take into account (1) the frequency of solicitations for an item; if an item is solicited on a regular basis, the testing may allow the provider to participate in future solicitations; if the solicitation is unique or rare, more consideration should be given to allowing completion of the testing process for that procurement; (2) the length of time required to reasonably test the item to verify acceptability; and (3) the cost to Marin Transit of conducting a testing process.

#### 6.4.4 Selection Procedures

Marin Transit shall have written selection procedures that ensure fair, unbiased evaluation of competing offers for all types of competitive procurement transactions.

If Marin Transit intends to reserve its right to award to other than the low bidder or offeror, this information shall be stated in the solicitation document.

If Marin Transit intends to reserve its right to reject all bids or offers, this information shall be stated in the solicitation document.

#### 6.4.5 Amendments

Responses to any questions from prospective sources, or any amendments to the solicitation, shall be distributed to all parties known to have received the solicitation, and posted on the Marin Transit website. Should the amendment substantially change the terms of the solicitation, the period for receipt of offers shall be extended to allow offerors to revise their submittals accordingly.

#### 6.4.6 Invitation for Bid (IFB)

Bids in excess of the small purchase limit are publicly solicited through a formal Invitation for Bids (IFB) and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the IFB is lowest in price.

Competitive sealed bidding is the preferred method of procurement for acquiring property, construction, and other services.

#### 6.4.7 When to use IFB

A sealed bid (IFB) should be used when the following circumstances are present:

- A complete, adequate, precise, and realistic specification or purchase description is available.
- Two or more responsible bidders are willing and able to compete effectively for the business.
- The procurement generally lends itself to a fixed price contract.
- The successful bidder can be selected on the basis of price and those price-related factors listed in the solicitation including, but not limited to, transportation costs, life cycle costs, and discounts

expected to be taken. Apart from responsibility determinations contractor selection may not be determined on the basis of other factors whose costs cannot be measured at the time of award.

- Discussions with one or more bidders after bids have been submitted are expected to be unnecessary as award of the contract shall be made based on price and price-related factors alone. However, a pre-bid conference with prospective bidders before bids have been received can be useful.

#### 6.4.8 IFB Procedures

The following procedures apply to sealed bid procurements:

- The invitation for bids is publicly advertised.
- Bids are solicited from an adequate number of known suppliers.
- The invitation for bids, including any specifications and pertinent attachments, describes the property or services sought in sufficient detail that a prospective bidder shall be able to submit a proper bid.
- Bidders are allowed sufficient time to prepare bids before the date of bid opening.
- All bids are publicly opened at the time and place prescribed in the invitation for bids.
- A firm fixed price contract is usually awarded in writing to the lowest responsive and responsible bidder, but a fixed price incentive contract or inclusion of an economic price adjustment provision can sometimes be appropriate. When specified in the bidding documents, factors such as transportation costs and life cycle costs affect the determination of the lowest bid; payment discounts are used to determine the low bid only when prior experience indicates that such discounts are typically taken.
- Any or all bids may be rejected if there is a sound, documented business reason.

#### 6.4.9 Single Bid

In the event that a single responsive bid is received from a responsible bidder, Marin Transit may negotiate with the bidder to ensure that a fair and reasonable price is obtained. If the responsive bid from the lowest responsible bidder exceeds available funds, Marin Transit may negotiate with the apparent low bidder to obtain a contract price within available funds, provided that Marin Transit has established, in writing conditions

and procedures for such negotiations prior to issuance of the IFB and summarized them therein. Marin Transit may not, as part of a negotiation process, modify or alter the scope and specification defined in the IFB in a manner that might have attracted additional bidders if incorporated in the solicitation.

#### 6.4.10 Request for Proposal (RFP)

The competitive negotiation procurement process is conducted through a formal Request for Proposals (RFP). This method of procurement is generally used when the nature of the procurement does not lend itself to sealed bidding and Marin Transit expects more than one source shall be willing and able to submit an offer or proposal.

#### 6.4.11 When to use RFP

The competitive negotiation method (RFP) of procurement is appropriate when the following conditions exist:

- A complete, adequate, and realistic specification or purchase description is not available.
- The selection of the successful offeror requires consideration of factors other than price.
- Discussions with offerors are anticipated to be needed.

##### 6.4.11.1 Contract Type for RFP

Either a fixed price or cost reimbursable type contract may be awarded under this process.

##### 6.4.11.2 Evaluation Factors

Each RFP must include a description of the factors other than price by which proposals shall be evaluated. Evaluation factors and sub factors shall be listed in order of their relative importance. Evaluation factors may include, but are not limited to, technical design, technical approach, length of delivery schedules, quality of proposed personnel, past performance, and management plan.

#### 6.4.13 Revised Proposals

The most common tool used by procurement officials in competitive negotiations is a request for a revised proposal. Typically, the deficiencies of a proposal are listed and explained. A complete revised proposal, including price (except under the Brooks Act) is requested from each offeror in the competitive range. Unless explicitly stated

otherwise, the revised offer extinguishes the prior offer. The proposer should identify all changes in the revised offer. The submission of the revised offers can trigger another round of evaluations, determination of a new competitive range, and discussions. This cycle may be repeated as many times as necessary to obtain the most advantageous offers.

#### 6.4.14 Best and Final Offer

A best and final offer (BAFO) may be requested of each offeror in the competitive range at the conclusion of discussions (negotiations) with those offerors. A "best and final offer" is requested from those offerors in the competitive range. If the other offers have no viable chance of being made competitive by this time, a BAFO may be requested from only one proposer; recognizing that there is little competitive pressure under those circumstances. If any offeror does not respond to this request, their most recent offer shall be considered the best and final offer.

#### 6.4.15 Special Procurement Considerations

##### 6.4.15.1 Two-Step Procurement Procedures

This is a procurement method involving the submittal of unpriced technical proposals in the first step, and a price submittal in the second step. This method can be used in both sealed bid and competitively negotiated procurements.

The first step is a review of the prospective contractors' technical approach to Marin Transit's request and technical qualifications to carry out that approach. Marin Transit may then narrow the competitive range to prospective contractors that demonstrate a technically satisfactory approach and have satisfactory qualifications.

The second step consists of soliciting and reviewing complete bids (sometimes referred to as —two-step sealed bidding) or proposals (as in —competitive negotiations), including price, submitted by each prospective contractor determined to be qualified. Absent exceptional circumstances, Marin Transit should attempt to solicit bids or proposals from at least three qualified prospective contractors. Unlike qualifications-based procurement procedures required for A&E services, Marin Transit shall consider all bid or proposal prices submitted as well as other technical factors, rather than limiting reviews to the most qualified bidder or offeror.

##### 6.4.15.2 Architectural and Engineering (A&E) and Other Professional Services

Marin Transit shall use qualification-based competitive proposal procedures based on the Brooks Act, of the United States Code.

Qualifications-based procurement procedures must be used not only when contracting for A&E services, but also for other services listed in 49 U.S.C. § 5325(b)(1) that are directly in support of, directly connected to, directly related to, or lead to construction, alteration, or repair of real property. For example, a contractor performing program management, project design, construction management, or engineering services in which that contractor would select the finished products to be acquired for an FTA assisted construction project must be selected through qualifications-based procurement procedures.

Marin Transit is prohibited by FTA from using qualifications-based procurement procedures to acquire other types of services if those services are not directly in support of, directly connected to, directly related to, or do not lead to construction, alteration, or repair of real property. Even if a contractor has performed services listed herein in support of a construction, alteration, or repair project involving real property, selection of that contractor to perform similar services not relating to construction may not be made through the use of qualifications-based procurement procedures.

A project involving construction does not always require that qualifications-based procurement procedures be used. Whether or not qualifications-based procurement procedures may be used depends on the actual services to be performed in connection with the construction project. For example, the design or fabrication of message signs, signals, movable barriers, and similar property that shall become off-the-shelf items or shall be fabricated and delivered as final end products for installation in an FTA assisted construction project are not services for which qualifications-based procurement procedures may be used. Nor are actual construction, alteration, or repair to real property the type of services for which qualifications-based procurement procedures may be used.

The following procedures apply to qualifications-based procurements:

- An offeror's technical qualifications are evaluated to determine contract award.
- Price is excluded as an evaluation factor.
- Negotiations are first conducted with only the most qualified offeror.
- Only after failing to agree on a fair and reasonable price may negotiations be conducted with the next most qualified offeror. Then, if necessary, negotiations with successive offerors in



descending order may be conducted until contract award can be made to the offeror whose price Marin Transit believes to be fair and reasonable.

When no Federal funds are involved in funding a procurement for professional services, Marin Transit shall comply with the requirements of California Government Code §4525, which defines a process similar to the Brooks Act to be used for all professional service procurements.

#### 6.4.15.3 Design Build

The design-build procurement method consists of contracting for design and construction simultaneously with contract award to a single contractor, consortium, joint venture, team, or partnership that shall be responsible for both the project design and construction. Information on selecting the appropriate procurement method and selection process can be found in FTA Circular 4220.1F pages VI-14-VI-16.

Design build projects must also comply with any State of California Requirements.

#### 6.4.16 Sole Source

Non-competitive (sole source) procurements are accomplished through solicitation and acceptance of a proposal from only one source. A contract amendment or change order that is not within the scope of the original contract is considered a sole source procurement that must comply with this section. Guidance as to what is “outside the scope” of a contract may be found in section 1.2 of this document.

##### 6.4.16.1 Justification for Sole Source

Sole source procurement may be used when only one source is practicably available, and the award of a contract is infeasible under competitive small purchase procedures, sealed bids, or proposals and at least one of the following circumstances applies:

The item is available only from one responsible source because:

- It involves a unique or innovative concept or capability not available from another source. Unique or innovative concept means a new, novel, or changed concept, approach, or method that is the product of original thinking, the details of which are kept confidential or are patented or copyrighted and is available to Marin Transit only from one source and has not in the past been available to Marin Transit from another source.

- Patents or Restricted Data Rights. Patent or data rights restrictions preclude competition.
- Substantial Duplication Costs. In the case of a follow-on contract for the continued development or production of highly specialized equipment and major components thereof, when it is likely that award to another contractor would result in substantial duplication of costs that are not expected to be recovered through competition.
- Unacceptable Delay. In the case of a follow-on contract for the continued development or production of highly specialized equipment or major component thereof, award to another contractor would result in unacceptable delays in fulfilling Marin Transit's needs.
- A single bid or proposal was received in response to a solicitation and competition was determined to be inadequate.
  - Adequate Competition. Competition is adequate when the reasons for few responses were caused by conditions beyond Marin Transit's control. Many unrelated factors beyond the District's control might cause potential sources not to submit a bid or proposal. If the competition can be determined adequate, the competition requirements shall be fulfilled, and the procurement shall qualify as a valid competitive award.
  - Inadequate Competition. Competition is inadequate when, caused by conditions within the District's control. For example, if the specifications used were unduly restrictive.
- An unusual and urgent need for the property or services exists such that Marin Transit would be seriously injured unless it were permitted to limit the solicitation. Marin Transit may also limit the solicitation when an urgent public need or emergency shall not permit a delay resulting from competitive solicitation for the property or services.
- FTA authorizes noncompetitive negotiations (e.g., in the original grant application and approval process).
- Substantial Duplication Costs. In the case of a follow-on contract for the continued development or production of highly specialized equipment and major components thereof, when it is likely that award to another contractor would result in substantial duplication of costs that are not expected to be recovered through competition.

Sole source is not justified based on a failure to plan.

#### 6.4.16.2 Documentation

When less than full and open competition is available the following procedures apply:

- A written sole source justification must be prepared justifying the decision based on the criteria in section 6.4.16 above.
- A cost analysis must be prepared or obtained verifying the proposed cost data, the projections of the data, and the evaluation of the costs and profits.

#### 6.4.17 Options

An option is a unilateral right in a contract by which, for a specified time, Marin Transit may elect to purchase additional or alternative equipment, supplies, or services called for by the solicitation and/or contract, or may elect to extend the term of the contract. The use of options must be limited to quantities of goods or services that are reasonably anticipated to be required by Marin Transit during the term of the contract; options may not be included solely with the intent of assigning them to another entity in the future; however, contracts may include a provision allowing assignment to other agencies in the event of a change in Marin Transit's anticipated requirements, in accordance with FTA regulations and guidance.

The option quantities or periods must be defined in the solicitation; contained in the offer upon which a contract is awarded; and evaluated as part of the initial award process; i.e., the options must be evaluated in combination with prices for the base quantity to determine the low bidder. When an option has not been evaluated to determine the low bidder for award of the contract, exercise of the option shall be considered a sole source procurement and must be justified as such.

The exercise of an option must be in accordance with the terms and conditions of the option as stated in the initial contract, and an option may not be exercised unless it is determined that the option price is better than prices available in the market or that the option is the more advantageous offer at the time the option is exercised, cost and other factors considered.

If sequential options (e.g., a series of one-year extensions) exist, the failure to timely and properly exercise any option shall void all subsequent options.

Marin Transit may exercise options in contracts of other public agencies ("piggybacking") in accordance with FTA regulations and guidance. This process requires the following:

- A documented verification that the contract containing the option was procured in accordance with all FTA requirements, including obtaining copies of the relevant documents from the procuring agency.
- A separate contract or purchase order should be entered into between the vendor and Marin Transit.
- Where purchases are made from State or local purchasing schedules or contracts which do not include all FTA requirements, the necessary contract terms, representations and certifications may be added by agreement of the parties. However, the contract may not be modified to substantively change the product or services being acquired.

#### 6.4.18 Electronic Commerce

Marin Transit may employ electronic commerce to conduct procurements; specifically electronic bidding or reverse auctions. In advance of using this procurement method written procedures must be established in compliance with FTA Circular 4220.1F, Chapter III, §3. f.

#### 6.5 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

(a) Marin Transit must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

(1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

(4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

(6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

## **7 CONTRACT COST AND PRICE ANALYSIS**

### **7.1 Requirement**

A cost or price analysis must be performed for every FTA-funded procurement action, including change orders in excess of the Simplified Acquisition Threshold of \$150,000. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation. FTA's "Pricing Guide for Grantees" provides guidance in performing the appropriate degree of cost or price analysis.

### **7.2 Independent Cost Estimate**

Any cost or price analysis must be based on an independent cost estimate, which should be developed before a solicitation is issued, but in no event after the receipt of bids or proposals. For change orders, the independent estimate must be prepared without knowledge of the contractor's proposed pricing.

### **7.3 Cost Analysis**

A cost analysis must be performed when the offeror is required to submit the elements (i.e., labor hours, overhead, materials, etc.) of the estimated cost. A cost analysis is not required when the pricing reflects a catalog or market price of a commercial product sold in substantial quantities to the general public or is based on prices set by law or regulation.

A cost analysis shall be necessary when adequate price competition is lacking, including sole source procurements (including change orders), unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or on the basis of prices set by law or regulation. Where change orders involve items for which unit prices are included in the contract, a cost analysis is not required.

Profit is to be negotiated as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration should be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts shall be allowable only to the extent that costs incurred, or cost estimates included in negotiated prices are consistent with Federal cost principles allowable under Subpart E-Cost Principles of Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards Price Analysis

A price analysis looks at the price as a whole without examination of its various components.

Several techniques may be used in performing a price analysis:

- Comparing prices to those obtained for previous procurements.
- Comparing prices to those obtained by other agencies for like items.
- Comparing the range of prices received for the procurement involved, a price more than 10 percent higher or lower than the other prices received may raise questions as to whether the bidder interpreted the bid requirements differently than did the other bidders and may render the bid price unreasonable.
- Requiring each bidder to certify that the prices offered are no higher than those charged other customers for items of similar quality and quantity.

A price analysis may be used in all instances where a cost analysis is not required to determine the reasonableness of the proposed contract price.

Adequate price competition may be determined to exist when the perception of competition exists, even if only one bid or proposal is received; conversely, the receipt of multiple bids or proposals with widely differing prices may not constitute adequate price competition.

## **8 CONTRACT PROVISIONS**

### **8.1 Federal Contract Provisions**

To the greatest extent possible, Marin Transit shall employ appropriate standard contract provisions for each type of procurement. Contract provisions are usually contained in a set of General Conditions, which are standard for all procurements of that type, and in a set of Special Provisions, which are customized to either: add to, delete, or modify portions of the General Conditions. Each contract shall include all Federally-mandated provisions, in accordance with the matrix contained in FTA Procurement Circular 4220.1F (“Circular”), Appendix D, and in Appendix A to the FTA Best Practices Procurement Manual, (“BPPM”).

### **8.2 Disadvantaged Business Enterprise (DBE)**

In accordance with Marin Transit's Disadvantaged Business Enterprise Policy, DBE firms shall have an opportunity to participate in awards of contracts and subcontracts. Solicitations shall state if there is a DBE goal for the project, and outreach shall be made to DBE firms and the DBE community.

### 8.3 Liquidated Damages

Marin Transit may use liquidated damages when it reasonably expects to suffer damages through delayed contract completion or lack of contractor performance. The rate and measurement standards shall be calculated to reasonably reflect Marin Transit's costs should the standards not be met and shall be specified in the solicitation and contract. The assessment for damages is often established at a specific rate per day for each day beyond the contract's delivery date or performance period. A measurement other than a day or another period of time, however, shall be established if that measurement is appropriate. The procurement file should include a record of the calculation and rationale for the amount of damages established. Any liquidated damages recovered on a Federally-funded project must be credited to the project account involved unless FTA permits otherwise.

### 8.4 Bonding Requirements

#### 8.4.1 Construction

Marin Transit shall require bid, performance, and payment bonds in compliance with requirements for construction-related procurements as defined in FTA Circular 4220.1F, Chapter IV, §2. h, if Federal funds are involved. FTA requires, for all construction contracts in excess of the Federal small purchase threshold (currently \$150,000), that the contractor provide a bid bond equal to 5 percent of the bid amount; a performance bond for 100 percent of the contract price; and a payment bond equal to 100 percent of the contract price. A payment bond is executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract. On award, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the District beyond 60 days from the time the award is made.

#### 8.4.2 Non-Construction

For non-construction contracts, bonding requirements are discouraged except where applicable law or regulation provides for such bonding, or Marin Transit determines that such a requirement is necessary as part of the overall risk management plan for a project. In making this

determination, consideration should be given to the additional project costs to be expected, and the potential effect of limiting the vendor pool.

#### 8.4.3 Alternate Method of Security

To the extent permitted by applicable law and regulation, Marin Transit may permit substitution of cash, a cashier's check made payable to the district, a certified check made payable to the district, or a bond executed by an admitted surety insurer made payable to the district.

No bond may be required unless the requirement is specifically identified in the solicitation document.

#### 8.5 Industry Contracts

Marin Transit shall take special care when using an industry developed contract or contract that is provided by a bidder or offeror. Not only may that contract lack the required Federal provisions, but its terms may also be unfavorable to Marin Transit. This policy does not prohibit the use of industry forms, specifications, or contract terms when their use would benefit the District and would accommodate Federal requirements.

#### 8.6 Levine Act

All solicitations shall include the following statement:

*California Government Code § 84308, commonly referred to as the "Levine Act," precludes an officer of a local government agency from participating in the award of a contract if he or she receives any political contributions totaling more than \$250 in the 12 months preceding the pendency of the contract award, and for three months following the final decision, from the person or company awarded the contract.*

#### 8.7 Non-Collusion Declaration

California PUC Section 7106 requires bidders on all public works contracts to declare under penalty of perjury that the bidder has not participated in various collusive activities. This declaration is required for every bid on every public works contract. This declaration must also include a representation that the person executing the declaration on behalf of a corporation or other entity is fully empowered to execute the declaration.

#### 8.8 Payment Provisions

##### 8.8.1 Advance Payments

The use of FTA funds for payments in advance of the incurrence of costs by the contractor is generally prohibited, without prior written approval



from FTA. FTA does permit advance payments from FTA funds for those purchases where advance payment is customary in the commercial marketplace such as utility services, rents and subscriptions. FTA approval of such advance payments is required when the amount exceeds \$100,000. Marin Transit should not make advance payments using other funds (including local match funds) except where (a) it is customary in the industry, or (b) there are sound business reasons (e.g. to enable a more cost-effective pricing structure) for doing so; in the latter case, the file shall be documented to fully justify the advance payment. In making this determination, consideration should be given to factors such as the additional cost of requiring a vendor to fund the purchase of costly equipment and materials for a custom-built piece of equipment, and the potential for restricting competition.

### 8.8.2 Progress Payments

Progress payments are to be made only for costs incurred and value received in the performance of the contract. "Value received" requires that Marin Transit must obtain title or other adequate security interest in the items paid for in the progress payment, through a bill of sale, or other documented security interest sufficient to establish ownership and exclude the items from any bankruptcy or other seizure of assets. In the case of studies or design contracts, this requirement may be satisfied by receipt and acceptance of a preliminary or final document. A contract involving progress payments must specify that all documents, designs, working papers and other materials for which a progress payment is made, complete or incomplete, become the property of Marin Transit. Progress payments for construction contracts may be made on a percentage of completion basis; this method may not be used for non-construction contracts.

## **9 RECEIPT AND EVALUATION OF BIDS AND PROPOSALS**

### 9.1 Sealed Bids

Sealed bids must be received prior to the exact time specified in the IFB. Late bids are not acceptable and shall be returned to the bidder unopened. The envelope of each bid received shall be stamped with the date and time of receipt, to verify timeliness. Bids shall be publicly opened, and the bid prices read. Each bid should be recorded in writing, including the name of the bidder and the bid price.

### 9.2 Competitive Proposals

Proposals must be received prior to the exact time specified in the RFP. Proposals are not publicly opened. A list of proposals shall be made

available, including the name of the proposer and the number of copies received.

### 9.3 Responsiveness Review

Both bids and proposals are subject to requirements of responsiveness. Usually the requirement of responsiveness for a bid is more complex than for a proposal. This is because a bid is “locked in” at the time of receipt, and proposals are subject to discussions and negotiations. As a result, many items required with a sealed bid need not be submitted with a proposal. Responsiveness looks at the submittal as of the time it was received, and an offeror cannot later correct a deficiency. Any defect in an area of responsiveness requires the rejection of the bid or proposal. Consequently, only items essential to the award should be specified as matters of responsiveness. The submittal of product samples, for example, is usually better treated as a matter of responsibility. Generally, matters of responsiveness include timeliness of receipt, proper signatures for a commitment by the offeror to provide the items solicited, required DBE submittals, and, where required, bid bonds. Proper completion of the pricing form is a matter of responsiveness for sealed bids; any exception to the terms and conditions of an IFB renders a bid non-responsive.

### 9.4 Responsibility Review

Contractors must be capable of successfully performing under the terms and conditions of the proposed contract. The responsibility review considers the following:

- **Technical Capacity:** The necessary organization, experience, accounting, and operational controls, and technical skills, or the ability to obtain them to perform the project successfully within the allocated time. This evaluation looks at the contractor’s staffing, management systems, equipment, and ability to accurately track costs and submit proper invoices. Possession of any required licenses should also be verified.
- **Financial Resources:** The necessary capital to finance the contract performance. This evaluation looks at the contractor’s financial statements, banking relationships and financial and credit history. Prior financial difficulties or even bankruptcies do not necessarily render a contractor non-responsible but require a deeper look at its current financial situation.
- **Past Performance:** Any prior default or other failure to complete a contract should be investigated.
- **Integrity and Ethics:** Compliance with applicable laws and regulations, including affirmative action and DBE requirements, and other public policies. Any debarment or suspension at the Federal or State level should

be investigated; Marin Transit shall not award a contract to a firm currently debarred or suspended by the Federal government or the State of California. The file for every procurement above the small purchase limit shall include documentation that the awardee is not listed on the U.S. General Services Administration's Excluded Parties List System or the State of California Department of Labor Standards Enforcement (DLSE) list of debarments found at <http://www.epls.gov> .

## 9.5 Evaluations

### 9.5.1 General

When evaluating bids or proposals, all evaluation factors specified in the solicitation documents should be considered, and the bids or offers should only be evaluated based on the evaluation factors included in those solicitation documents. Evaluation factors may not be modified after bids or proposals have been submitted without re-opening the solicitation.

### 9.5.2 Options

In awarding the contract that shall include options, the following standards apply:

- **Evaluation Required.** In general, Marin Transit shall evaluate bids or offers for any option quantities or periods contained in a solicitation if it intends to exercise those options after the contract is awarded.
- **Evaluation Not Required.** Marin Transit need not evaluate bids or offers for any option quantities if it determines that evaluation would not be in its best interests. An example of a circumstance that may support this determination not to evaluate bids or offers for option quantities is when Marin Transit is reasonably certain that funds shall not be available to permit it to exercise the option.

### 9.5.3 Evaluators

In addition to evaluators with experience in technical or public policy matters related to the procurement, other evaluators may also include auditors and financial experts to the extent that Marin Transit determines would be necessary or helpful. Evaluation duties may be assigned to Marin Transit staff or to outside (including contracted) evaluators based on the proposal complexity and size.

## **10 CONTRACT ADMINISTRATION**

### 10.1 Contract Administration

Contract administration ensures that Marin Transit and its contractors comply with the terms, conditions, and specifications of their contracts and applicable Federal, State and local requirements.

## 10.2 File Contents

For sealed bid procurements and competitive negotiations, the contract administration file should include the following:

- The executed contract and notice of award;
- Performance and payment bonds, bond-related documentation, and correspondence with any sureties;
- Contract-required insurance documentation;
- Post-award (pre-performance) correspondence from or to the contractor or other Governmental agencies;
- Notice to proceed;
- Approvals or disapprovals of contract submittals required by the contract and requests for waivers or deviations from contractual requirements;
- Modifications/changes to the contracts including the rationale for the change, change orders issued, and documentation reflecting any time and or increases to or decreases from the contract price as a result of those modifications;
- Documentation regarding settlement of claims and disputes including, as appropriate, results of audit and legal reviews of the claims and approval by the proper authority (i.e., city council, board of directors, executive director) of the settlement amount;
- Documentation regarding stop work and suspension of work orders and termination actions (convenience as well as default); and
- Documentation relating to contract close-out.

For small purchases and micro-purchases documentation may only need to consist of standard purchasing documents.

## 11 CHANGE ORDERS

### 11.1 Definition

A change order means an order authorized by Marin Transit directing the contractor to make changes, pursuant to contract provisions for such changes, with or without the consent of the contractor. There are two general

types of change orders: (1) changes within the general scope of the contract; and (2) cardinal changes. A cardinal change means a major deviation from the original purpose of the work or the intended method of achievement, or a revision of contract work so extensive, significant, or cumulative that, in effect, the contractor is required to perform very different work from that described in the original contract. (An example of the difference would be a contract to build a garage: adding a window would be within the general scope of the contract, while adding a house would not.) A cardinal change can also be created by a series of incremental change orders that have the cumulative effect of changing the scope beyond the original intent of the parties. See section 3.6.4 for changes which are impermissible under Federal contracting requirements.

### 11.2 Submittal

Change orders may be initiated by either Marin Transit or the contractor. In either case, the formal process begins with a request by Marin Transit for the contractor to submit a proposal identifying both the scope and cost of the proposed change. The request should be detailed enough for the contractor to submit a firm fixed price, or hourly rates on a not-to-exceed basis, if the original contract was on a reimbursable-cost basis. If the proposed change shall affect the contract's insurance requirements, the change should be addressed in the request for a change proposal. Occasionally in construction, the precise scope of the work cannot be reasonably determined until the work is undertaken; in those cases, the change order may be issued on the basis of payment for time and materials, including a markup for overhead and profit. This pricing formula, however, should be used only when absolutely necessary, and the scope should only extend to the point where a firm price can be established.

### 11.3 Evaluation

The contractor's proposal should be reviewed and approved using the same evaluation process as was used in determining contractor responsiveness and responsibility in the original contract award. Responsiveness would address primarily whether the changed proposal adequately addresses the requested scope; responsibility issues would include price reasonableness (a cost or price analysis is required for every contract action, including change orders), schedule impacts; impact on the DBE goal, and the qualifications of the personnel or subcontractors proposed to perform the work. If the change is outside the scope of the contract, it is considered a sole source procurement, and must be justified as such. Marin Transit must investigate whether other sources for the changed work are reasonably available and document the file accordingly. The same process should be followed for in-scope changes if the contractor's price cannot be determined to be fair and reasonable. Change orders are subject to negotiation.

#### 11.4 Documentation

A separate file for change orders containing the documentation described above must be maintained as part of the procurement record.

### **12 CONTRACT CLOSEOUT**

Prior to authorizing final payment on a project, it should be established that the work under the contract has been completed and the contract is ready for closeout. A contract is complete only after all deliverable items and services called for under the contract have been delivered and accepted by Marin Transit. These deliverable items include such things as reports, spare parts, warranty documents, and proof of insurance (where required by the contract terms).

## APPENDIX A –

**APPLICABILITY OF THIRD-PARTY CONTRACT CLAUSES**  
*(excluding micro-purchases, except for construction contracts over \$2,000)*

CLAUSE	TYPE OF PROCUREMENT				
	Professional Services/A&E	Operations/ Management/ Subrecipients	Rolling Stock Purchase	Construction	Materials & Supplies
No Federal government obligations to third parties by use of a disclaimer	All	All	All	All	All
Program fraud and false or fraudulent statements and related acts	All	All	All	All	All
Access to Records	All	All	All	All	All
Federal changes	All	All	All	All	All
Civil Rights (EEO, Title VI & ADA)	All	All	All	All	All
Incorporation of FTA Terms	All	All	All	All	All
Energy Conservation	All	All	All	All	All
Termination Provisions (not required of states)	>\$10,000	>\$10,000	>\$10,000	>\$10,000	>\$10,000
Debarment and Suspension	>\$25,000	>\$25,000	>\$25,000	>\$25,000	>\$25,000
Buy America			>\$150,000	>\$150,000	>\$150,000 (for steel, iron, manufactured products)
Provisions for resolution of disputes, breaches, or other litigation	>\$150,000 (see Note)	>\$150,000 (see Note)	>\$150,000 (see Note)	>\$150,000 (see Note)	>\$150,000 (see Note)
Lobbying	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Clean Air	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Clean Water	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Cargo Preference			Involving property that may be transported by ocean vessel	Involving property that may be transported by ocean vessel	Involving property that may be transported by ocean vessel

**APPLICABILITY OF THIRD-PARTY CONTRACT CLAUSES**  
(excluding micro-purchases, except for construction contracts over \$2,000)

CLAUSE	TYPE OF PROCUREMENT				
	Professional Services/A&E	Operations/ Management/ Subrecipients	Rolling Stock Purchase	Construction	Materials & Supplies
<i>Fly America</i>	<i>Involving foreign transport or travel by air</i>	<i>Involving foreign transport or travel by air</i>	<i>Involving foreign transport or travel by air</i>	<i>Involving foreign transport or travel by air</i>	<i>Involving foreign transport or travel by air</i>
<i>Davis Bacon Act</i>				<i>&gt;\$2,000 (including ferry vessels)</i>	
<i>Copeland Anti-Kickback Act Section 1 Section 2</i>				<i>All &gt;\$2,000 (including ferry vessels)</i>	
<i>Contract Work Hours &amp; Safety Standards Act</i>		<i>&gt;\$100,000</i>	<i>&gt;\$100,000</i>	<i>&gt;\$100,000 (including ferry vessels)</i>	
<i>Bonding (not required of states)</i>				<i>&gt;\$100,000 (including ferry vessels)</i>	
<i>Seismic Safety</i>	<i>A&amp;E for new buildings &amp; additions</i>			<i>New buildings &amp; additions</i>	
<i>Transit Employee Protective Arrangements</i>		<i>Transit operations funded with Section 5307, 5309, 5311 or 5316 funds</i>			
<i>Charter Service Operations</i>		<i>All</i>			
<i>School Bus Operations</i>		<i>All</i>			
<i>Drug and Alcohol Testing</i>		<i>Transit operations funded with Section 5307, 5309 or 5311 funds</i>			
<i>Patent Rights</i>	<i>Research &amp; development</i>				



**APPLICABILITY OF THIRD-PARTY CONTRACT CLAUSES**  
(excluding micro-purchases, except for construction contracts over \$2,000)

CLAUSE	TYPE OF PROCUREMENT				
	Professional Services/A&E	Operations/ Management/ Subrecipients	Rolling Stock Purchase	Construction	Materials & Supplies
<i>Rights in Data and Copyrights requirements</i>	<i>Research &amp; development</i>				
<i>Special DOL EEO clause for construction projects</i>				<i>&gt;\$10,000</i>	
<i>Disadvantaged Business Enterprises (DBEs)</i>	<i>All</i>	<i>All</i>	<i>All</i>	<i>All</i>	<i>All</i>
<i>Prompt Payment</i>	<i>All if threshold for DBE program met</i>	<i>All if threshold for DBE program met</i>	<i>All if threshold for DBE program met</i>	<i>All if threshold for DBE program met</i>	<i>All if threshold for DBE program met</i>
<i>Recycled Products</i>		<i>Contracts for items designated by EPA, when procuring \$10,000 or more per year</i>		<i>Contracts for items designated by EPA, when procuring \$10,000 or more per year</i>	<i>Contracts for items designated by EPA, when procuring \$10,000 or more per year</i>
<i>ADA Access</i>	<i>A&amp;E</i>	<i>All</i>	<i>All</i>	<i>All</i>	
<i>Special Notification Requirements for States</i>	<i>Limited to states</i>	<i>Limited to states</i>	<i>Limited to states</i>	<i>Limited to states</i>	<i>Limited to states</i>

## APPENDIX B – FEDERAL CERTIFICATIONS REPORTS AND FORMS

CERTIFICATIONS, REPORTS, AND FORMS	COMMENTS
Bus Testing Certification	All procurements of new model transit buses and vans and existing models being modified with major changeover changes.
TVM Certification	All rolling stock procurements.
Buy America Certification	Procurements of steel, iron or manufactured products exceeding \$100,000.
Pre-award Review	FTA Annual Certification for any rolling stock procurement.
Pre-award Buy America Certification	Rolling stock procurements exceeding \$100,000.
Pre-award Purchaser's Requirement	All rolling stock procurements.
Post Delivery Review	FTA Annual Certification for any rolling stock procurement.
Post Delivery Buy America Certification	Rolling stock procurements exceeding \$100,000.
Post Delivery Purchaser's Requirement	All rolling stock procurements to the extent required by Federal law and regulations.
On-Site Inspector's Report	Rolling stock except for procurements of: <ul style="list-style-type: none"> <li>• 10 or fewer vehicles</li> <li>• 20 or fewer vehicles serving rural areas or small urbanized areas</li> <li>• Any amount of primary manufactured standard production and unmodified vans that after visual inspection road testing meet the contract specifications</li> </ul>
Federal Motor Vehicles Safety Standards Pre-award Review and Post Delivery	Motor vehicle procurements
Lobbying	Procurements exceeding \$100,000
Standard Form LLL and Quarterly Updates (when required)	Procurements exceeding \$100,000 where contractor engages in lobbying activities.



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May 7, 2018

Honorable Board of Directors  
Marin County Transit District  
3501 Civic Center Drive  
San Rafael, CA 94903

**SUBJECT: Revision to Marin Transit's Financial Management Policies**

**board of directors**

Dear Board Members:

stephanie moulton-peters  
president  
city of mill valley

**RECOMMENDATION:** Adopt revised *Financial Management Policies*.

damon connolly  
vice president  
supervisor district 1

**SUMMARY:** Staff recommends that your Board adopt revisions to the *Marin Transit Financial Management Policies*.

dennis rodoni  
2nd vice president  
supervisor district 4

The District's *Financial Management Policies* were originally adopted in May 2014 and revised in April 2016. This revision makes the following change:

judy arnold  
director  
supervisor district 5

Modifies Section 6, Indirect Cost Rate Proposal (ICRP), to update OMB Circular A-87 to 2 CFR Part 200, and change the approving agency from California Department of Transportation ("Caltrans") to Federal Transit Administration (FTA).

kate colin  
director  
city of san rafael

Marin Transit develops an Indirect Cost Rate Proposal (ICRP) annually to provide for the reasonable and consistent allocation or distribution of costs to its various grants and funding programs. The ICRP is designed in accordance with 2 CFR Part 200 and is approved by the Federal Transit Administration (FTA). Indirect costs and benefit rates are used to bill staff time to program areas and capital grants.

kathrin sears  
director  
supervisor district 3

**FISCAL/STAFFING IMPACT:** There is no fiscal impact associated with adopting the revised *Marin Transit Financial Management Policies*.

katie rice  
director  
supervisor district 2

Respectfully submitted,

Lauren Gradia  
Director of Finance and Capital Programs

Attachment: Revised Marin Transit Financial Management Policies



**MARIN TRANSIT**

**FINANCIAL MANAGEMENT POLICIES**

Policy #:	FN-01
Subject:	Finance
Effective Date:	05/14/2014
Revision 1 Date:	04/18/2016
Revision 2 Date:	05/07/2018

## Table of Contents

1	GENERAL INFORMATION .....	3
1.1	Organization Background.....	3
1.1.1	Measure A .....	3
1.1.2	Measure B .....	3
1.2	Basis of Accounting.....	3
1.3	Reserve Balance .....	4
1.4	Internal Control.....	5
1.5	Records and Reports .....	5
1.6	Accounting Software.....	5
1.7	Cash.....	5
1.8	Investment Policy.....	5
2	REVENUES .....	6
2.1	Grants.....	6
2.2	Invoicing and Accounts Receivable .....	6
2.3	Fare Collection .....	6
2.4	Sale of Fare Media .....	6
2.5	Payment Receipts .....	7
3	EXPENDITURES.....	7
3.1	Invoice Processing.....	7
3.2	Employee Expenses.....	7
3.3	Credit Cards.....	7
3.3.1	Responsibilities .....	7
3.3.2	Purchase Limits .....	8
3.3.3	Purchase Types .....	8
4	PAYROLL.....	9
5	FIXED ASSETS.....	9
6	INDIRECT COST RATE PROPOSAL .....	9
7	PURCHASING & CONTRACTS.....	10
8	BUDGET ADMINISTRATION.....	10
8.1	Annual Budget Adoption.....	10
8.2	Budget Amendment.....	10

## 1 GENERAL INFORMATION

### 1.1 Organization Background

The Marin County Transit District (Marin Transit or the District) is a special district created by the authority of the Marin County Transit District Act of 1964. Marin Transit's purpose is to develop, finance, organize, and provide local Marin County transit service. Revenues are derived principally from property taxes, local tax measures, state and federal grants, transportation contract revenue, and transit fare revenue.

Marin Transit is governed by a Board of Directors comprised of the members of the Board of Supervisors of the County of Marin (the County) and two members chosen from city council persons or mayors of cities within the county. Marin Transit is a component unit of the County because the County controls Marin Transit's Board of Supervisors and may impose its will on the district.

#### 1.1.1 Measure A

Marin County voters passed a ½ cent sales tax measure (Measure A) in 2004 to provide local funding and investment for transportation infrastructure and programs. Under the sales tax expenditure plan, fifty-five percent (55%) of Measure A is available for local transit service. The Transportation Authority of Marin (TAM) is the transportation sales tax authority in Marin County. TAM makes Measure A funding available to Marin Transit based on projections, and adjusts future year balances to account for actual receipts. Marin Transit requests Measure A funds on a reimbursement basis and does not carry an unspent balance of these funds.

#### 1.1.2 Measure B

In 2010, Marin County voters approved Measure B, the vehicle registration fee initiative that collects \$10 annually for each vehicle registered in Marin for the purpose of improving transportation within the County. The Measure B expenditure plan designates thirty-five percent (35%) of the funds generated to be used to fund senior and disabled transportation services in Marin, and Marin Transit is the designated agency to manage this component. Marin Transit requests Measure B funds from TAM on a reimbursement basis and does not carry an unspent balance of these funds.

### 1.2 Basis of Accounting

Marin Transit's resources are allocated to and accounted for in the financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are accounted for on a flow of economic resources measurement focus. Marin Transit also uses the accrual basis of accounting, recording revenues when earned, and recording expenses at the time the liability is incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Proprietary funds further distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

### 1.3 Reserve Balance<sup>1</sup>

Marin Transit maintains an unrestricted reserve consisting primarily of property tax revenues. The District is dependent on many diverse funding sources for the operation of its services that are subject to state and federal funding availability and administrative processes. The reserve balance is essential to mitigate current and future risk of revenue shortfalls and unanticipated expenditures. The following reserve balance policy provides parameters on desired levels and uses of unrestricted reserve funds. The reserve balance levels are defined to minimize disruptions to the District's services due to fluctuation in funding and in accordance to the Government Finance Officers Association (GFOA) recommendations.

The District shall strive to maintain a reserve balance equivalent to a minimum of two months and up to a maximum six months operating expenses based on the adopted budget.

Any reserve balance equal to but not exceeding two months operating expenditures is defined as the **emergency reserve**. The emergency reserve will be available for use during prolonged revenue shortages to sustain District operations until service reductions, program cuts, or fare increases are made to reestablish a balanced budget and restore the emergency reserve.

Any reserve balance greater than two months of operating expenditures, but less than four months of operating expenditures, is defined as the **contingency reserve**. The contingency reserve is available to maintain current service levels during short-term periods of declining revenue or slower than anticipated revenue growth.

When the emergency reserve is fully funded and the contingency reserve is funded with the equivalent of at least two months of operations funds, the District may fund a **capital reserve** through the budgeting process. The capital reserve is available to provide resources for high priority capital projects or grant matching funds. The reserve is designed to reduce the District's future needs for borrowing or bonding for large capital projects. With Board approval, capital reserve funds can be transferred to the contingency reserve or the emergency reserve if these funds fall below the target levels.

If, for a prolonged period, the total reserve balance held in emergency and contingency reserves exceeds six months of operating expenditures, Marin Transit will consider options such as but not limited to: expanding transit service or decreasing fares in an effort to provide the optimal level of transit service and benefits to Marin County.

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<sup>1</sup> This policy supersedes the previous Board adopted Reserve Policy #11001, originally adopted 9/20/2010.



## 1.4 Internal Control

Marin Transit organizes and assigns work duties and responsibilities so that no single employee performs a complete accounting cycle. In addition, established procedures require proper authorizations by designated officials for all actions taken.

## 1.5 Records and Reports

Marin Transit keeps and maintains complete and accurate financial records, and prepares required reports in accordance with the uniform system of accounts and records adopted by the Controller of the State of California. Financial statements are generated and presented to the Board on a quarterly basis to allow the Board an opportunity to review Marin Transit's financial status and provide fiscal and operational accountability.

## 1.6 Accounting Software

Marin Transit utilizes project-based fund accounting software to record and report on revenues and expenditures. The accounting software used by Marin Transit must have the ability to restrict user access to allow for appropriate segregation of duties and multiple approval layers. The accounting software must also maintain an edit-proof audit trail. Accounting software user rights are granted by the Director of Finance.

## 1.7 Cash

Marin Transit maintains both operating and investment accounts. Transfers between accounts are initiated by accounting staff and approved by two approval tiers. Cash reconciliations are performed on a monthly basis for each account by the Director of Finance, and approved by the General Manager.

1. Operating Account – Operating funds are currently held in Marin Transit's bank account at the Bank of Marin. All day to day cash receipts and disbursements are processed through this account. Online access to this account is limited to finance staff and the General Manager. Online access is further controlled by bank procedures. Any action taken within the bank's online system requires two users to authorize the transaction.
2. Investment funds – Investment funds are currently held with the County of Marin (the "County") as a separate fund within their accounting system. Access to the County's accounting system is limited and governed by the County's Information Technology Department.

## 1.8 Investment Policy

It is the policy of Marin Transit to invest all public funds in accordance with the following goals:

- Compliance with all applicable laws, statutes, ordinances, and regulation requirements
- Preservation of capital
- Liquidity to meet required cash demands
- Maximization of income

Investment funds are held by the County, and as such, follow the investment policy of the County as written<sup>2</sup>.

All funds not required for near-term cash flow are retained in the investment account. Marin Transit strives to maintain in the investment account all funds in excess of those needed to meet current monthly operating and near-term capital expenditures. When the funds in the operating account exceed three and a half million dollars (\$3,500,000), the excess amount will be transferred to the investment account. When the funds in the operating account fall to less than one million dollars (\$1,000,000), funds will be transferred in from the investment account to bring the operating account balance up to approximately two million dollars (\$2,000,000). Transfers will be made between accounts in one hundred thousand dollar (\$100,000) increments. Exceptions to these balances may be made by staff when there are anticipated expenditures or deposits, within one to two weeks, which will significantly affect the operating balances.

## **2 REVENUES**

### **2.1 Grants**

It is the responsibility of the Director of Finance to oversee applications for all applicable federal, state, and regional funding grants and to account for funds and maintain records in accordance with grantor requirements.

### **2.2 Invoicing and Accounts Receivable**

Unless otherwise stipulated by contract or necessity, Marin Transit invoices for accounts receivable on a quarterly basis. The Marin Transit Board approves all amounts determined to be uncollectible and written off.

### **2.3 Fare Collection**

Marin Transit utilizes the services of multiple contractors to operate transit services. At the initiation of each contract, and throughout the life of the contract, Marin Transit works with each contractor to ensure that procedures are in place for processing fares to ensure secure cash handling. Marin Transit monitors the fare revenues collected and periodically audits each contractor based on farebox revenue reports generated by the electronic fare registering farebox equipment, ridership data, or historical trends.

### **2.4 Sale of Fare Media**

Sale of Marin Transit fare media is authorized through multiple outlets, including the Marin Transit administration office. Each outlet has procedures in place for tracking and reporting pass sales. Marin Transit periodically audits pass sales against revenues received and pass inventory.

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<sup>2</sup> County of Marin STATEMENT OF INVESTMENT POLICY; Department of Finance; Roy Given, Director

## 2.5 Payment Receipts

Marin Transit maintains a check receipt log to monitor incoming payments by check. This log is cross-referenced by two separate staff members to ensure accountability. Funds are also received directly to Marin Transit's bank account by electronic funds transfer (EFT). The Director of Finance regularly monitors the accounts receivable balance and inquires directly with grantors or partner agencies regarding past due balances.

## 3 EXPENDITURES

### 3.1 Invoice Processing

Invoices are processed by Finance Department staff, and approved by the staff member at Marin Transit who can best verify the validity of the invoiced amount. Typically, approving an invoice indicates verification that the goods or services invoiced have been received or provided. Expenditure authority is governed by Marin Transit's procurement policy.<sup>3</sup>

### 3.2 Employee Expenses

Employees requesting reimbursement for personal expenditures must do so by submitting a Marin Transit expense report.

Documentation, generally in the form of a receipt, is required for all expenditures itemized on the expense report other than mileage. Mileage reimbursement rates are set by the Internal Revenue Service (IRS) and updated annually. Any employee-claimed expense that is found to not be for Marin Transit business will be rejected. Expenditures that have not been pre-approved may also be rejected.

Examples of typical reimbursable expenses include (but are not limited to): mileage, transportation, lodging, meals, conference fees, memberships, tolls, and supplies. Meals are reimbursed on actual expenses only, in an amount not to exceed the U.S. General Services Administration (GSA) rates for per diem & incidental expenses in the location of the expenditure in the given year.<sup>4</sup>

Expense reports are available from the Finance Department, and are to be completed as soon as possible after the expenditure. Expenses are to be reported at least monthly and any expense over two months old may be rejected. Expenditures for alcoholic beverages cannot be reimbursed due to federal government regulations. Each expense report is to be signed and dated by the employee completing the report.

### 3.3 Credit Cards

Management Employees may be provided with a Marin Transit Credit Card. Marin Transit Credit Cards may only be used for Marin Transit expenses and may not be used for expenses of a personal nature.

#### 3.3.1 Responsibilities

- a. Individuals holding Marin Transit credit cards are responsible for:
  - Using the cards only for their intended purpose

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<sup>3</sup> Marin Transit Procurement Policies and Procedures, Policy #PU-02, effective 5/7/2018

<sup>4</sup> <http://www.gsa.gov/portal/category/100120>

- Submitting receipts and providing explanations for all credit card transactions
  - Notifying the appropriate authority if the credit card is lost or stolen
- b. Operating managers/supervisors are responsible for:
- Limiting the use of credit cards to those employees who require a card for Marin Transit business
  - Reviewing and authorizing credit card statements used by their employees
- c. The Finance Department is responsible for:
- Issuing new and replacement cards
  - Ensuring that all credit card transactions are properly authorized
  - Processing payments for credit card statements on a timely basis
  - Implementing purchase limits for individual cards

### 3.3.2 Purchase Limits

The spending limit for each Marin Transit credit card is determined by the cardholder's position at Marin Transit, as follows:

Title	Single Purchase Limit	Total Monthly Credit Limit
General Manager	\$10,000	\$20,000
Director of Finance	\$5,000	\$20,000
Other Management Employees	\$5,000	\$10,000

Splitting a single purchase into multiple transactions to avoid the single purchase limit is specifically prohibited.

Purchases of \$3,000 or greater must be purchased using price quotes. Please refer to Marin Transit's procurement policy.<sup>5</sup>

### 3.3.3 Purchase Types

Credit card purchases are only to be made in the event that the vendor is not equipped to invoice Marin Transit and accept payment on Marin Transit's standard payment schedule. Examples of appropriate credit card use are: on-line purchasing, traditional retail outlets, and travel expenses such as airfare, hotels, and restaurants.

All transactions of a personal nature are prohibited, including (but not limited to) the following:

- Airphone
- Bail and bond payments
- Betting, casino gaming chips, off track betting
- Cash advance
- Court costs, alimony, child support
- Direct marketing insurance services
- Fines
- Foreign currency, traveler's checks
- Government loan payments

<sup>5</sup> Marin Transit Procurement Policies and Procedures, Policy #PU-02, revised 5/7/2018

- Overpayments
- Personal purchases
- Political organizations
- Religious organizations
- Savings bonds
- Security brokers/dealers
- Tax payments
- Timeshares
- Wire transfer or money order

Use of Marin Transit Credit Cards for any of these prohibited transactions may result in disciplinary action up to and including dismissal. It may also result in the expenses being deducted from the employee's pay check. Any card holder's failure to comply with these policies (i.e., repeated instances of lost receipts) will result in the loss of access to a Marin Transit credit card.

#### **4 PAYROLL**

Marin Transit employees are hired directly by Marin Transit. The Director of Finance oversees the payroll process within the accounting software. Employees are paid on a semi-monthly basis. The General Manager indicates approval of the payments by creating the electronic payment file in the accounting software. The electronic payment file is then uploaded to the bank's online system, which requires two approvers.

Payroll tax reports and payments are generated according to the timelines established by the State of California and the Internal Revenue Service. Payments are processed electronically and recorded to the accounting software in the same manner as other vendor payments.

Policies regarding retirement, benefits, and other employment-related guidelines can be found in Marin Transit's personnel policy.<sup>6</sup>

#### **5 FIXED ASSETS**

Fixed assets are governed by Marin Transit's fixed asset policy.<sup>7</sup>

#### **6 INDIRECT COST RATE PROPOSAL**

In order to provide for the reasonable and consistent allocation or distribution of costs to its various grants and funding programs, Marin Transit develops an Indirect Cost Rate Proposal (ICRP) annually. The ICRP is designed in accordance with 2 CFR Part 200<sup>8</sup> and is approved by the Federal Transit

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<sup>6</sup> Marin Transit Personnel Policies and Procedures, Policy, revised 7/1/2015

<sup>7</sup> Marin Transit Fixed Asset Management Policies and Procedures, Policy #FA-01, effective 4/18/11

<sup>8</sup> Updated in Revision 2 of Policy from Circular A-87, revised 5/7/2018

Administration. Indirect costs are and benefit rates are used to bill staff time to program areas and capital grants.

## **7 PURCHASING & CONTRACTS**

Purchasing and contracts are governed by Marin Transit's procurement policy.<sup>9</sup>

## **8 BUDGET ADMINISTRATION**

### **8.1 Annual Budget Adoption**

The Marin Transit Board of Directors adopts an annual budget for Marin Transit's fiscal year starting July 1 and ending June 30. Under the direction of the Director of Finance, staff develops a balanced budget for the Board of Directors that provides sufficient and sustainable funding for local transit service needs using the following guidelines:

- Maintain adopted reserve level
- Preserve a balance of revenues and expenditures over a ten-year horizon
- Provide for Short Range Transit Plan (SRTP) adopted service levels
- Allow for innovative growth

The Board adopts the annual budget for the coming fiscal year no later than the June Board of Director's meeting.

### **8.2 Budget Amendment**

Budget control occurs at the total cost center level (Administration, Local, Rural, Special, Capital). Deviation from budgeted line item amounts are acceptable as long as the total cost center expenses do not exceed the budget authority.

Budget authority transfers between cost centers require General Manager approval and must be made such that total budget expenditures are not exceeded.

In the event that overall expenditures are anticipated to exceed the approved annual budget authority, Board of Directors' approval is required prior to incurring the expense. Requests for budget amendments must include adequate supporting documentation and identification of available revenue to support the expenditure. If circumstances require immediate action, the General Manager may act in place of the Board of Directors but must present the expenditure to the Board of Directors at the next possible opportunity.

All budget amendments are reported to the Board quarterly, as part of the quarterly finance reports.

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<sup>9</sup> Marin Transit Procurement Policies and Procedures, Policy #PU-02, revised 5/7/2018



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May 7, 2018

Honorable Board of Directors  
Marin County Transit District  
3501 Civic Center Drive  
San Rafael, CA 94903

**SUBJECT: Marin County Transit District Draft Operating and Capital Budget for FY 2018/19**

**board of directors**

Dear Board Members:

stephanie moulton-peters  
president  
city of mill valley

**RECOMMENDATION:** Review Draft FY 2018/19 Budget and provide comments.

damon connolly  
vice president  
supervisor district 1

**SUMMARY:** Marin Transit's draft budget for July 1, 2018 to June 30, 2019 reflects the priorities and financial projections in the FY2018-FY2027 Short Range Transit Plan (SRTP).

dennis rodoni  
2nd vice president  
supervisor district 4

The FY 2018/19 Expenditure Budget for Operations and Capital Projects of \$46,797,976 is balanced without the use of reserve funding (Table 1). The District will continue to have fully funded Emergency and Contingency Reserves in the FY 2018/19 Draft Budget, with the equivalent of six months of operations funds. In addition, the budget allows for the District to add \$87,648 to the Capital Reserve during FY 2018/19. The capital reserve is designed to reduce the District's future needs for borrowing or bonding for large capital projects. The FY 2018/19 draft budget includes spending \$3 million of property tax funds (Capital Reserves) on a yellow bus parking facility. Additional Capital Reserves are programmed in the SRTP for the local match to a \$9 million vehicle replacement in FY 2019/20 and for the construction of an operations and maintenance facility that will ensure the stability of future contract operations.

judy arnold  
director  
supervisor district 5

kate colin  
director  
city of san rafael

kathrin sears  
director  
supervisor district 3

The operating expense budget of \$32,464,675 is an eight percent increase over the FY 2018/19 budget, and provides for a similar level of fixed route, nine percent increase paratransit service hours and a new on-demand response pilot service, Transit Connect. In addition to the pilot program, the primary cost increases in the Operations Budget are from rising fuel costs and new service contracts that reflect increased wages and higher prices in a strong economy.

katie rice  
director  
supervisor district 2

The operating revenue budget of \$35,552,323 is an eight percent increase over the FY 2017/18 budget. Increased property tax receipts and State Transit Assistance (STA) funds from Senate Bill 1 and Transportation Development Act (TDA) help offset the rising contract operations and fuel costs.

The draft budget includes current Metropolitan Transportation Commission (MTC) revenue projections for STA and TDA funds, Measure A estimates from the Transportation Authority of Marin (TAM), and County of Marin estimates for property tax revenue.

The budget document attached to this report provides additional information and trends for the operations budget for Administration, Local Service, Yellow Bus Service, Rural Service, and Marin Access.

Marin Transit's capital expenditure budget is \$14,333,301. Over half of the budget is for purchasing right of way for parking and maintenance facilities. The budget includes funds to replace seven vehicles and for bus stop improvements to improve accessibility and passenger amenities. Fifty-one percent of the proposed FY 2018/19 capital budget is funded by state and federal grants.

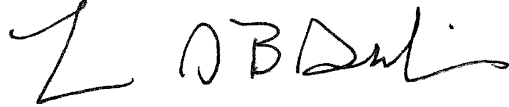
**Table 1: Budget Summary**

	FY 2016/17 Actual	FY 2017/18 Budget Revised	FY 2017/18 Estimated Actual	FY 2018/19 Draft Budget
<b>Revenue</b>				
Capital	4,401,584	20,522,639	12,982,041	11,333,301
Operations	30,469,431	32,874,780	32,502,325	35,552,323
<b>Total Revenue</b>	<b>\$34,871,015</b>	<b>\$53,397,419</b>	<b>\$45,484,366</b>	<b>\$46,885,624</b>
<b>Expenditures</b>				
Capital	4,401,584	20,554,173	12,982,041	14,333,301
Operations	26,764,206	29,952,222	28,511,359	32,464,675
<b>Total Expenditures</b>	<b>\$31,165,790</b>	<b>\$50,506,395</b>	<b>\$41,493,400</b>	<b>\$46,797,976</b>
Net Change in Fund Balance	\$3,705,225	\$2,891,024	\$3,990,966	\$87,648
Emergency Reserve	4,460,701	4,992,037	4,751,893	5,410,779
Contingency Reserve	8,921,402	9,984,074	9,503,786	10,821,558
Capital Reserve	6,020,377	7,349,017	9,137,767	7,280,388
Fund Balance (total reserve)	\$19,402,487	\$22,325,135	\$23,425,077	\$23,512,725
Restricted Fund Balance	31,624	0	0	0
Expenditure of Rest.LCTOP	275,413	0	0	0
Expenditure of Rest. FTA veh.	0	31,624	31,624	
Expenditure of Capital Reserve	0			3,000,000



**FISCAL IMPACT:** None associated with the report. Staff will present a final budget for your Board's consideration at the June 4, 2018 meeting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "L Gradia". The signature is fluid and cursive, with a large initial "L" and the name "Gradia" written in a similar style.

Lauren Gradia  
Director of Finance and Capital Projects

Attachment: Marin County Transit District Draft Operating and Capital Budget for FY 2018/19





# MARIN TRANSIT BUDGET FY 2018/19

## Table of Contents

Marin Transit Budget Overview.....	3
Relevant Financial Policies .....	3
Budget Summary .....	6
District Fund Balance.....	6
Local Sales Tax – Measure A.....	7
Operations Budget.....	10
District Revenue.....	12
District Expenses .....	15
Administration.....	18
Local Service.....	20
Yellow Bus Service .....	24
Rural Service.....	26
Marin Access (Paratransit and Mobility Management).....	29
Capital Budget.....	35
Vehicles .....	36
Bus Stop Improvements & Transit Hubs.....	37
Administrative and Operations Facilities .....	37
Technology Projects .....	38
Other Measure A Capital Expenses.....	38

## Tables

Table 1: Budget Summary.....	6
Table 2: Operations Budget (Admin, Local, Yellow Bus, Rural & Marin Access).....	11
Table 3: Revenue Variances in Operations Budget.....	13
Table 4: Expense Variances in Operations Budget.....	15
Table 5: Personnel Counts.....	17
Table 6: Administration Budget.....	20
Table 7: Local Budget Service Levels .....	22
Table 8: Local Service Budget.....	24
Table 9: Yellow School FY 2018/19 Budgeted Program .....	25
Table 10: Yellow School Bus Budget.....	26
Table 11: Rural Service Levels.....	27
Table 12: Rural Service Budget.....	29
Table 13: Marin Access Service Levels .....	31
Table 14: Marin Access Budget .....	35
Table 15: Capital Budget by Project.....	40

## List of Figures

Figure 1: Measure A Transit Funds by Fiscal Year (Programmed/Projected vs Actual Receipts).....	8
Figure 2: Measure A Expenditures by Fiscal Year .....	9
Figure 3: Revenue Sources for FY 2018/19 Budget .....	14
Figure 4: Operations Expenses for FY 2018/19 Budget.....	16
Figure 5: Marin Transit FY 2018/19 Organization Structure.....	17
Figure 6: Local Revenue Service Hours by Program.....	22
Figure 7: Rural Service Level and Ridership Trends.....	27
Figure 8: Marin Access Passengers by Program.....	32
Figure 9: Capital Project Budget by Type .....	35

## Marin Transit Budget Overview

The Marin County Transit District (Marin Transit) is responsible for local transit service within Marin County, and provides over 3.2 million unlinked passenger trips per year and over 230,000 revenue hours of service. Marin Transit delivers services through contract operators. These include: the Golden Gate Bridge Highway & Transportation District (GGBHTD), Marin Airporter, MV Transportation, Marin Senior Coordinating Council (Whistlestop), and Michael's Transportation. Marin Transit's Short Range Transit Plan (SRTP) is the primary service and financial planning document for the District, and includes ten years of financial projections for operations and capital programs. The District's Board adopted the most recent SRTP on December 18, 2017.

### ***Budget Process and Timeline***

The budget process begins in late February as a review of District and program level goals and objectives with finance and operations staff. In March, budget meetings focus on each program area. The Director of Finance compiles all the program data, and develops a draft budget to present to the Board of Directors at their April meeting. The final budget incorporates any changes from the draft version, and the Board adopts the budget at its May or June meeting.

The following is the timeline for fiscal year July 1, 2018 to June 30, 2018 (FY 2018/19) budget development:

February 28, 2018	Budget kick-off meeting
March-April 2018	Program level budget meetings
May 7, 2018	Draft budget presented to Board of Directors
June 4, 2018	Adoption of final budget

### Relevant Financial Policies

This section details financial policies relevant to the District's annual budget and budget process. The Board has adopted these policies as part of the FN-01 policy document.

### ***Basis of Accounting***

Marin Transit's resources are allocated to and accounted for in the financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are accounted for on a flow of economic resources measurement focus. Marin Transit also uses the accrual basis of accounting, recording revenues when earned, and recording expenses at the time the liability is incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Proprietary funds further distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted revenues are available for use, it is Marin Transit's policy to use restricted revenues first then unrestricted revenues as they are needed.

### ***Annual Budget Adoption***

The Marin Transit Board of Directors adopts an annual budget for Marin Transit's fiscal year starting July 1 and ending June 30. Under the direction of the Director of Finance, staff develops a balanced budget for the Board of Directors that provides sufficient and sustainable funding for local transit service needs using the following guidelines:

- Maintain adopted reserve level
- Preserve a balance of revenues and expenditures over a ten-year horizon
- Provide for Short Range Transit Plan (SRTP) adopted service levels
- Allow for innovative growth

The Board adopts the annual budget for the coming fiscal year no later than the June Board of Directors meeting.

### ***Budget Amendment***

Budget control occurs at the total program level (administration, local, yellow bus, rural, Marin Access, capital). Deviations from budgeted line item amounts are acceptable if the total program expenses do not exceed the budget authority.

Budget authority transfers between programs require General Manager approval and must be made such that total budget expenditures are not exceeded.

In the event that overall expenditures are anticipated to exceed the approved annual budget authority, Board of Directors' approval is required prior to incurring the expense. Requests for budget amendments must include adequate supporting documentation and identification of available revenue to support the expenditure. If circumstances require immediate action, the General Manager may act in place of the Board of Directors and must present the expenditure to the Board of Directors at the next possible opportunity.

All budget amendments are reported to the Board quarterly, as part of the quarterly finance reports.

### ***Reserve Policy***

Marin Transit maintains an unrestricted reserve consisting primarily of property tax revenues. The District is dependent on many diverse funding sources for the operation of its services that are subject to state and federal funding availability and administrative processes. The reserve balance is essential to mitigate current and future risk of revenue shortfalls and unanticipated expenditures. The following reserve balance policy provides parameters on desired levels and uses of unrestricted reserve funds. The reserve balance levels are defined to minimize disruptions to the District's services due to fluctuation in funding and in accordance to the Government Finance Officers Association (GFOA) recommendations.

The District shall strive to maintain a reserve balance equivalent to a minimum of two months and up to a maximum six months operating expenses based on the adopted budget.

Any reserve balance equal to but not exceeding two months operating expenditures is defined as the emergency reserve. The emergency reserve will be available for use during prolonged revenue shortages to sustain District

operations until service reductions, program cuts, or fare increases are made to reestablish a balanced budget and restore the emergency reserve.

Any reserve balance greater than two months of operating expenditures, but less than four months of operating expenditures, is defined as the contingency reserve. The contingency reserve is available to maintain current service levels during short-term periods of declining revenue or slower than anticipated revenue growth.

When the emergency reserve is fully funded and the contingency reserve is funded with the equivalent of at least two months of operations funds, the District may fund a capital reserve through the budgeting process. The capital reserve is available to provide resources for high priority capital projects or grant matching funds. The reserve is designed to reduce the District's future needs for borrowing or bonding for large capital projects. With Board approval, capital reserve funds can be transferred to the contingency reserve or the emergency reserve if these funds fall below the target levels.

If, for a prolonged period, the total reserve balance held in emergency and contingency reserves exceeds six months of operating expenditures, Marin Transit will consider options such as but not limited to: expanding transit service or decreasing fares in an effort to provide the optimal level of transit service and benefits to Marin County.

### ***Indirect Costs***

In order to provide for the reasonable and consistent allocation or distribution of costs to its various grants and funding programs, Marin Transit develops an Indirect Cost Rate Proposal (ICRP) annually. The ICRP is designed in accordance with Federal Title 2 CFR 200 and is approved by the Federal Transportation Administration ("FTA").



## Budget Summary

The FY 2018/19 expenditure budget for operations and capital projects is \$46,797,976. The expenditure budget allows for a fully funded Emergency Reserve (two months operating expenses), a Contingency Reserve of four months of operating expenses, and a Capital Reserve of \$7.3 million. The proposed budget continues existing service levels with two new operations contracts and increasing fuel prices. Capital expenditures are comparable with continued investments in the revenue service vehicles, bus stop improvements, operations facilities. The Capital budget include the expenditure of \$3.00 million in capital reserve to purchase a yellow bus parking facility.

**Table 1: Budget Summary**

	FY 2016/17 Actual	FY 2017/18 Budget Revised	FY 2017/18 Estimated Actual	FY 2018/19 Draft Budget
<b>Revenue</b>				
Capital	4,401,584	20,522,639	12,982,041	11,333,301
Operations	30,469,431	32,874,780	32,502,325	35,552,323
<b>Total Revenue</b>	<b>\$34,871,015</b>	<b>\$53,397,419</b>	<b>\$45,484,366</b>	<b>\$46,885,624</b>
<b>Expenditures</b>				
Capital	4,401,584	20,554,173	12,982,041	14,333,301
Operations	26,764,206	29,952,222	28,511,359	32,464,675
<b>Total Expenditures</b>	<b>\$31,165,790</b>	<b>\$50,506,395</b>	<b>\$41,493,400</b>	<b>\$46,797,976</b>
<b>Net Change in Fund Balance</b>	<b>\$3,705,225</b>	<b>\$2,891,024</b>	<b>\$3,990,966</b>	<b>\$87,648</b>
Emergency Reserve	4,460,701	4,992,037	4,751,893	5,410,779
Contingency Reserve	8,921,402	9,984,074	9,503,786	10,821,558
Capital Reserve	6,020,377	7,349,017	9,137,767	7,280,388
<b>Fund Balance (total reserve)</b>	<b>\$19,402,487</b>	<b>\$22,325,135</b>	<b>\$23,425,077</b>	<b>\$23,512,725</b>
Restricted Fund Balance	31,624	0	0	0
Expenditure of Rest.LCTOP	275,413	0	0	0
Expenditure of Rest. FTA veh.	0	31,624	31,624	
Expenditure of Capital Reserve	0			3,000,000

## District Fund Balance

Marin Transit's fund balance represents the total unrestricted net position made up of. Each year, the fund balance increases or decreases by the net difference between total revenue and total expenses for the year. Marin Transit's Board-adopted policy designates an Emergency Reserve equivalent to two months of operating expenses and a Contingency Reserve equivalent to an additional two to four months of operating expenses. Marin Transit staff and Board Members review 10-year projections of revenues and expenses in the SRTP to ensure long term financial stability while maximizing mobility for local transit riders.

For the last three years, Marin Transit has been able to rebuild the District's fund balance based on strategic efforts to lower service contract rates and control administrative costs. In addition, increasing revenues from a strong economy have helped fully fund the emergency and contingency reserves and create a capital reserve. The next step in financial stability for the District is transitioning from leases operations and maintenance facilities to a District

owned location. Marin Transit has a \$5.5 million project for the purchase of right of way for a bus facility. In addition, in accordance with the District's SRTP, the FY2018/19 Budget programs \$3.0 million of capital reserves for the purchase of a yellow bus parking facility.

With the Emergency and Contingency Reserves continuing to be fully funded with the equivalent of six months of operations funds, the Capital Reserve is reduced by \$1.3 million. The remaining Capital Reserve will be needed for the local match for the upcoming replacement of ten 60ft transit vehicles that will be beyond their 12 year useful life.

### Local Sales Tax – Measure A

Marin County voters passed a half cent sales tax measure (Measure A) in 2004 to provide local funding and investment for transportation infrastructure and programs. Measure A is a 20-year measure, and FY 2024/25 will be the last year of the current measure. Measure A provides approximately 40% of Marin Transit's operating revenues and capital funds needed to match federal and state grant funding for vehicles. As shown in the District's Short Range Transit Plan, without the sales tax funding Marin Transit would need cut service levels significantly and end programs like the community shuttles, West Marin Stagecoach, Muir Woods Shuttle and school bus service. Marin Transit is working with the Transportation Authority of Marin (TAM), the county Sales Tax Authority, on a renewal measure that includes a 30-year extension that would be effective in January 2019.

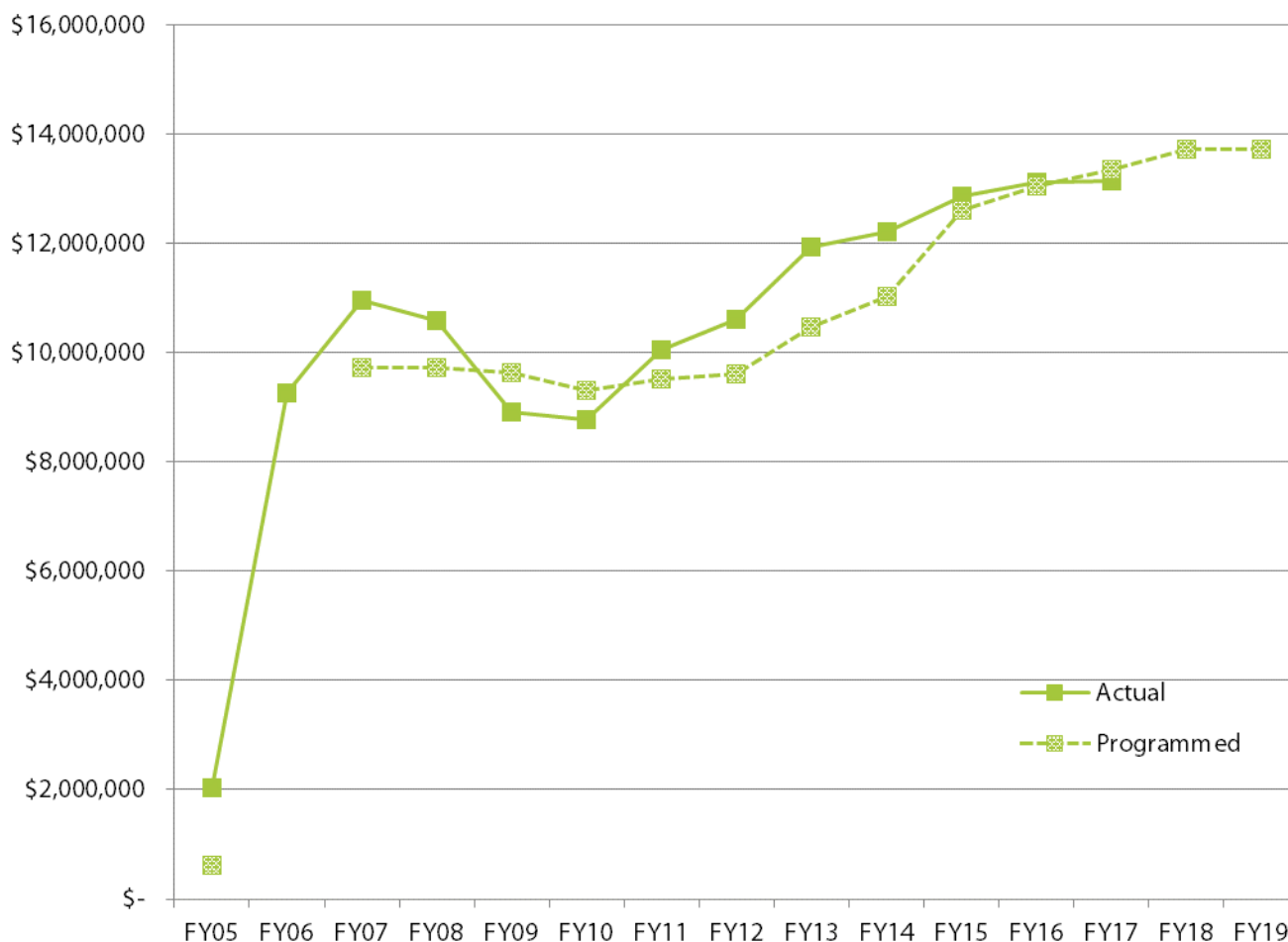
Under the current Measure A sales tax expenditure plan, fifty-five percent is available for local transit service in the following four sub-strategies:

- Maintain and expand local bus transit service (37%);
- Maintain and expand rural bus transit system (3%);
- Maintain and expand transit services for those with special needs (9%); and
- Invest in bus transit facilities for clean and efficient transit system (6%).

Figure 1 shows Marin Transit's share of Measure A projected revenues and actual receipts. TAM programs Measure A funding to the District based on projections and adjusts future year balances to account for actual receipts. Based on the programmed amounts, Marin Transit requests annual allocations of funds from TAM.

The growth rate of sales tax slowed to 0.2% in FY2016/17 after recovering from the decline in FY2007/08. Receipts for the first half of FY2017/18 show renewed growth (4.96%). TAM is projecting FY2018/19 at the projected level for FY2017/18 and then with 2.2% growth rate in FY2018/19 and beyond. Growth of sales tax in Marin County is typically low due to limited population and job growth that typically impact retail sales. The projected growth is slightly below expected inflation and will slowly impact the District's ability to sustain service.

**Figure 1: Measure A Transit Funds by Fiscal Year (Programmed/Projected vs Actual Receipts)**

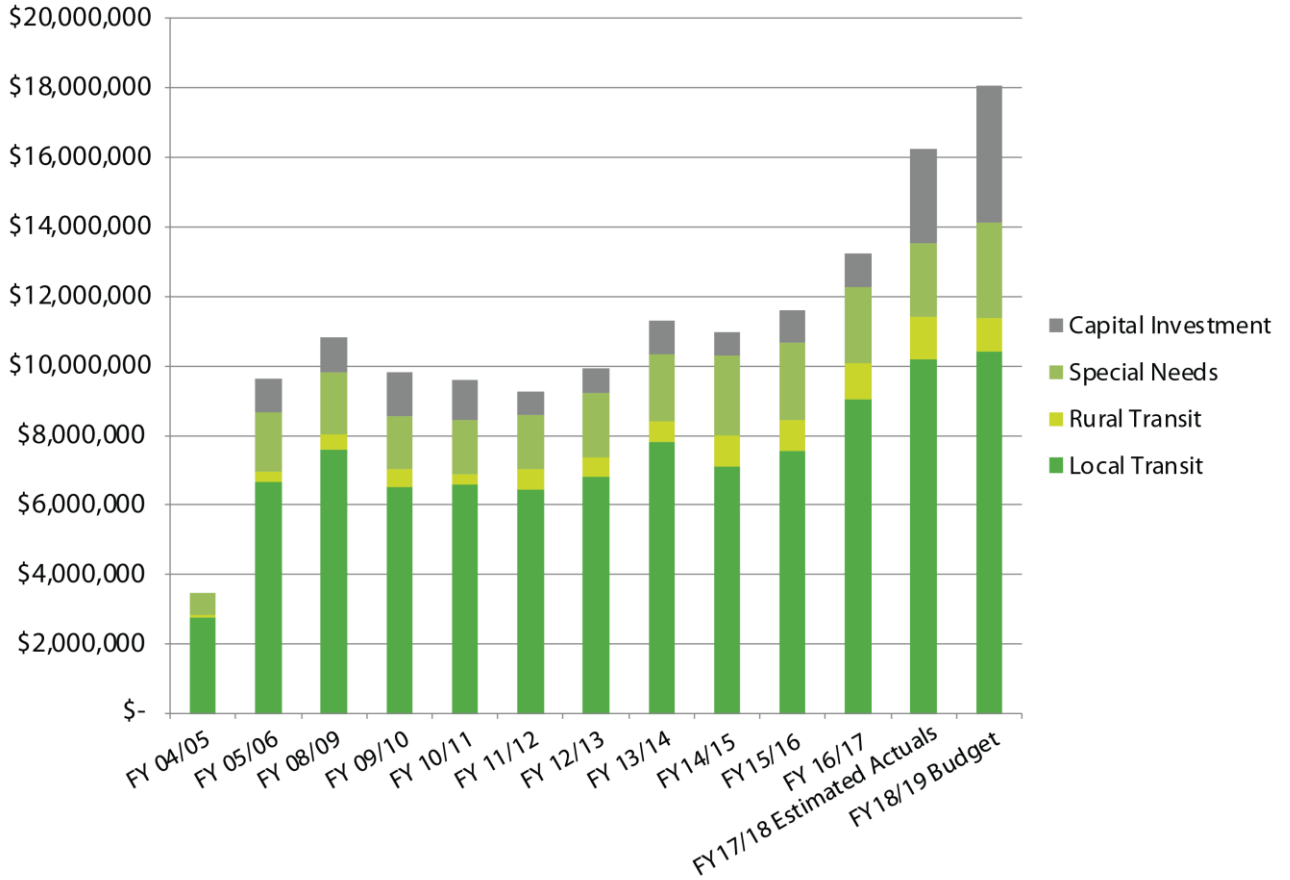


The District's actual expenditure of Measure A revenue varies due to capital replacement cycles and the availability of other grant funds in a particular year (Figure 2). In a given year, any unclaimed Measure A revenue is available for TAM to allocate to Marin Transit in future years.

After finance staff incorporate Measure A allocations for the FY 2018/19 budget along with assumptions for FY 2017/18 actuals, the District will have \$4.8 million in Measure A reserves. This amount consists of \$3.7 million in local, and \$1.1 million in capital funds. TAM holds these reserves, and they are not included in Marin Transit's Emergency or Contingency Reserve funds. Instead, Marin Transit programs these funds in the ten-year operation and capital financial forecasts in the adopted SRTP. Figure 2 shows the increase in local Measure A expenditures anticipated in the budget year (FY 2016/17) will to pay for service increases. The Rural transit reserve enabled the District to expand service on the Stagecoach and is being spent down over a five-year period ending in FY2018/19. Future Stagecoach service is programmed to continue with additional funding from property tax revenues.

The Capital Measure A reserve is at a historic low due to recent vehicle replacements which require 18% local matching funds.

**Figure 2: Measure A Expenditures by Fiscal Year**



## Operations Budget

Marin Transit's FY 2018/19 operations budget provides for operation of the following services:

Regular Local and Trunk Line	116,000 revenue hours
Community Shuttles	43,500 revenue hours
Supplemental School and Partnership	7,100 revenue hours
Muir Woods Shuttle	6,810 revenue hours
Novato Dial-A-Ride	2,400 revenue hours
Yellow School Bus Service	6 buses
West Marin Stagecoach Service	16,400 revenue hours
Rural Dial-A-Ride Service	435 revenue hours
Local Paratransit Service	62,491 revenue hours
Regional Paratransit Service	9,500 revenue hours
Catch-A-Ride	15,000 trips
Volunteer Driver	14,800 trips
Transit Connect (new)	10,988 revenue hours

The operating expense budget of \$32,464,675 is an 8% increase over the FY 2017/18 budget (Table 2), and provides for a new pilot service, Transit Connect, increasing paratransit service hours, and increased Muir Woods Shuttle service. The largest cost increases are from contract service operations, both for increased service and for increased contract rates. Wage pressure and increasing fuel prices are increasing transit operations costs faster than inflation.

Table 2: Operations Budget (Admin, Local, Yellow Bus, Rural, &amp; Marin Access)

	FY 2017 Actual	FY 2018 Budget Revised	FY 2018 Estimated Actuals	FY 2019 Draft Budget	% Δ from FY 2018 Budget
<b>Revenue</b>					
Fare Revenue	3,942,533	4,276,928	4,125,231	4,085,620	-4%
Advertising & Other Revenue	397,790	400,200	395,360	412,206	3%
Reimbursements (GGBHTD, WSW)	1,837,557	2,102,476	1,952,696	2,026,564	-4%
Interest	51,968	55,000	75,903	70,250	28%
Measure A	12,265,745	13,342,614	13,399,120	13,916,065	4%
Measure A Interest	85,000	85,000	85,000	85,000	0%
Measure B	627,198	1,045,000	839,855	1,250,000	20%
Property Taxes	4,086,532	4,180,831	4,246,148	4,436,683	6%
Development Fees	57,964	52,032	50,711	58,200	12%
State Transit Assistance (STA)	1,576,690	1,274,981	1,285,220	1,841,702	44%
Transit Development Act (TDA)	4,440,516	4,453,555	4,614,306	5,109,399	15%
Other State	19,273	148,114	147,950	354,524	139%
FTA Funds	1,065,347	1,366,509	1,193,844	1,351,823	-1%
National Park Service	89,010	91,540	191,824	600,000	555%
Transfers to Capital Budget	(73,692)	0	(100,842)	(45,712)	NA
<b>Total Revenue</b>	<b>30,469,431</b>	<b>32,874,780</b>	<b>32,502,326</b>	<b>35,552,324</b>	<b>8%</b>
<b>Expenses</b>					
Salaries and Benefits	2,082,294	2,411,546	2,135,170	2,556,016	6%
Professional Service	325,848	523,363	547,739	555,531	6%
Professional Service- Legal	27,403	100,000	93,858	150,000	50%
Security and Maintenance	268,349	286,326	266,277	296,504	4%
Customer Service	559,208	604,384	529,677	783,263	30%
Indirect County Overhead	2,009	2,500	670	2,575	3%
Mobility Management Support Programs	4,770	59,548	14,711	24,835	-58%
Office Supplies	170,781	193,520	170,208	217,536	12%
General Insurance	22,324	29,000	27,860	29,870	3%
Contract Service Operation	21,417,881	23,306,597	22,557,665	25,119,706	8%
Membership & Prof Development	25,322	60,000	24,041	61,800	3%
Mileage and Travel	15,883	23,000	20,363	23,690	3%
Marketing	114,823	231,157	117,963	246,881	7%
Communication	139,935	178,400	208,383	198,436	11%
Fuel	1,818,940	2,126,218	2,026,853	2,431,546	14%
Misc. Services	4,897	0	642	1,044	NA
Vehicle and Vehicle Parking Leases	23,983	23,625	18,624	23,980	2%
Office - Rental and Overhead	96,668	113,440	98,110	137,000	21%
Partner Agency Pass Through	85,000	85,000	85,000	85,000	0%
Transfers to Capital Budget	(442,113)	(405,401)	(432,455)	(480,538)	19%
<b>Total Expenses</b>	<b>26,764,205</b>	<b>29,952,223</b>	<b>28,511,359</b>	<b>32,464,675</b>	<b>8%</b>
<b>Net Revenue Over Expenditures</b>	<b>3,705,226</b>	<b>2,922,557</b>	<b>3,990,967</b>	<b>3,087,649</b>	

## District Revenue

Marin Transit derives its revenues from multiple sources (Figure 3), with no single revenue source providing the majority of the District's operating funds. The primary revenue sources for Marin Transit operations are:

- Measure A sales tax operating funds;
- Transportation Development Act (TDA) funds;
- State Transit Assistance (STA) funds;
- Passenger fares; and
- Property taxes.

To develop revenue projections for the FY 2018/19 budget, staff referred to Metropolitan Transportation Commission (MTC) revenue projections for STA and TDA, TAM's Measure A allocations, and discussed estimates for property tax revenue with the County of Marin.

Based on current receipts, Marin County sales tax revenue is expected to increase by 5% in FY2017/18. In addition to Measure A sales tax revenue, TDA revenue is generated from sales tax. The County Auditor Controller is projecting a 3.7% increase in TDA revenue in FY2018/19. Marin Transit splits Marin County TDA with the Golden Gate Bridge Highway and Transportation District based on ridership and service provided. Marin Transit will receive 39.92% of funds in FY 2018/19, which is a 1.89% increase from the prior year.

State Transit Assistance funds from the diesel sales tax have either experienced no growth or declined. New state legislation (SB1) increased the state gas tax to restore state transit funds back to historic levels. These funds are allocated to transit operators in two ways, (a) based on locally generated revenue expended on transit operations (revenue based) and (b) the population of the County (population based). The transit operators in Marin County, Marin Transit, Golden Gate Bridge Highway and Transportation District, and SMART signed a new agreement based on MTC's new STA Population-Based Policy (MTC Resolution 4321), to split population funds based on ridership and service provided. Marin Transit will continue to use these funds for paratransit operations and fixed route services. In FY 2018/19 Marin Transit expects an allocation of \$806,445 in population based funds. This appears to be significantly more than Marin Transit's share of FY2017/18 (\$610,924<sup>1</sup>) population based funds but \$192,575 in STA lifeline funding for FY 2017/18 is still pending award to transit operators. If the pending amount is awarded to Marin Transit, the increase in these funds in FY 2018/19 will be minimal.

As authorized by the Marin Transit Board in December 2017, some of the increased STA revenue is being used for the purchase of additional vehicles needed to reduce overcrowding on school routes.

Passenger fare revenue is budgeted based on current program receipts or estimated using a linear projection to account for service level increases or reductions. Muir Woods Shuttle fares are being subsidized by the National Park

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<sup>1</sup> \$513,179 FY18 northern operators, \$54,351 FY18 regional paratransit plus

Service (NPS) and starting in January 2017 passengers will pay \$3 round trip and NPS will contribute the remaining \$2 to allow Marin Transit to continue to collect the \$5 per round trip fare.

The operating revenue budget of \$35,552,324 is an 8% increase from the prior year budget (Table 2).

The increase in budgeted operations revenue mirrors the increase in Operations expenses. Prior year allocations of Measure A will be used to fund the increase expenses. In addition, Marin Transit will use increased state revenues from Senate Bill 1 (SB1) to fund operations.

Eight revenue categories have variances greater than \$100,000 between the FY 2018/19 budget and FY 2017/18 budget (Table 3). The fare revenue decline is based on the change in pricing for Muir Woods Shuttle riders from \$5 per round trip to \$3 round trip. The loss in fare revenue will be funded with additional National Park Service funding.

Measure A funding is higher due to an expenditure of \$478,486 in prior year funds in Marin Access for paratransit and other services for seniors and people with disabilities. Marin Transit is expending \$200,000 more Measure A for Local fixed route services and \$200,000 less for Rural services than in the prior year. Measure B expenditures increase temporarily to expend prior year funds and to provide funding to the new Transit Connect pilot project that will provide on demand transit service.

**Table 3: Revenue Variances in Operations Budget**

Revenue Category	FY 2018/19 Budget	Variance from Prior Year Budget		Notes
		Amount (\$)	%	
Fare Revenue	\$4,085,620	(\$191,308)	-5%	Reduction due to Muir Woods passenger fare reduction to \$3 per round trip (balance paid by NPS), and alignment with estimated actuals.
Measure A	\$13,916,065	\$573,451	4%	Budgeted expenditure of funds is higher
Measure B	\$1,250,000	\$205,000	24%	Increased allocations to expand programs including the implementation same day on demand accessible service
Property Tax	\$4,436,683	\$255,852	6%	Continued strong growth of Marin County property tax
State Transit Assistance	\$1,841,702	\$566,721	44%	Prior year carryforward of funds plus an increased allocation from SB1.
Transportation Development Act	\$5,109,399	\$655,844	14%	Increase based on County Auditor's projection and MCTD's increased share of the County revenue
Other State	\$354,524	\$206,410	140%	The third year of Cap and Trade funds in Low Carbon Transit Operations Program (LCTOP) increased by a factor of two based on higher proceeds from state bond sales
National Park Service	\$600,000	\$508,460	85%	Under new grant agreement, NPS will fund expanded service and fund a reduction in passenger fares. New contract rates and rising fuel cost have also increased NPS's financial obligation

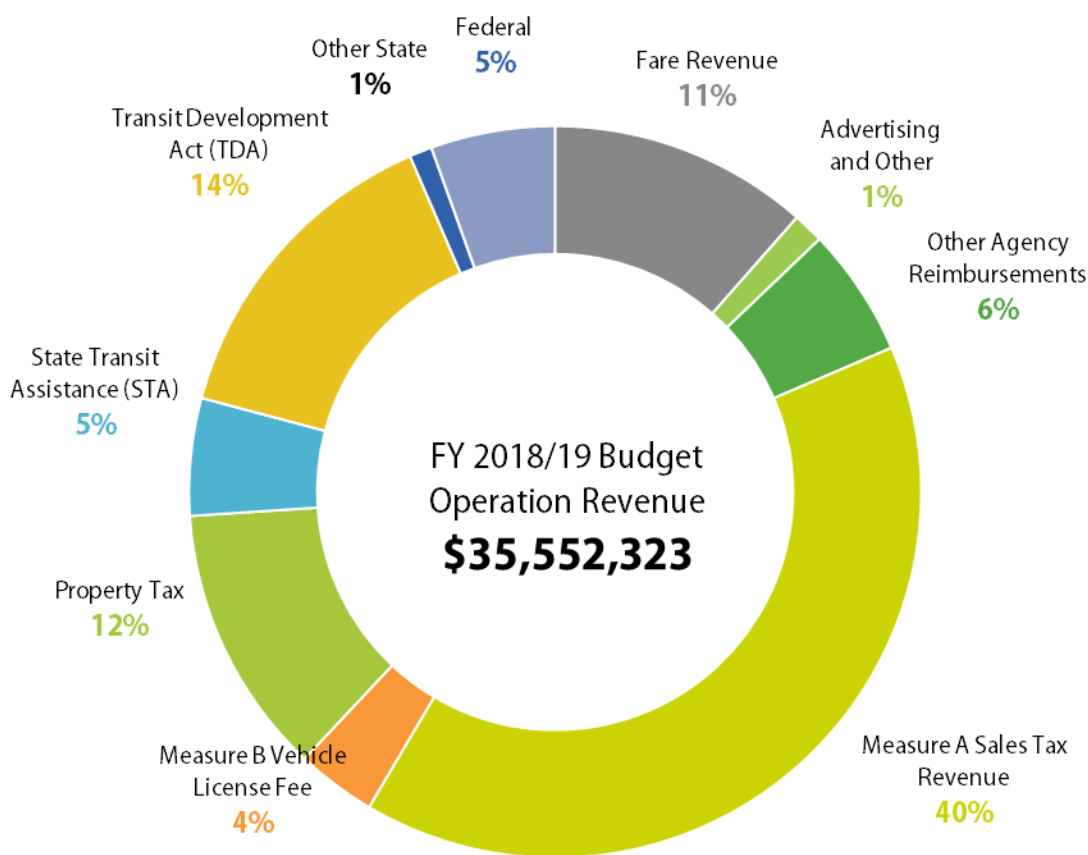


Property tax revenue indicators point to continued revenue growth. FY 2018/19 property tax receipts are expected to grow another 5% after an expected 5.4% growth in FY 2017/18.

Marin Transit’s share of Transit Development Act (TDA) funding is projected to increase 14%. This partially due to the County Auditors projection of a 4.7% increase of the prior year estimate and due to Marin Transit’s share of the funding increasing to 39.92% from 38.03%.

The “Other State Revenues” category includes a new operations funding source for new service under the Cap and Trade, Low Carbon Transit Operations Program. The available funding for allocation under the LCTOP program increased 50% due to higher state bond sales. Lastly, NPS funding has increased significantly due to the new grant agreement and change in Muir Woods Shuttle service.

**Figure 3: Revenue Sources for FY 2018/19 Budget**



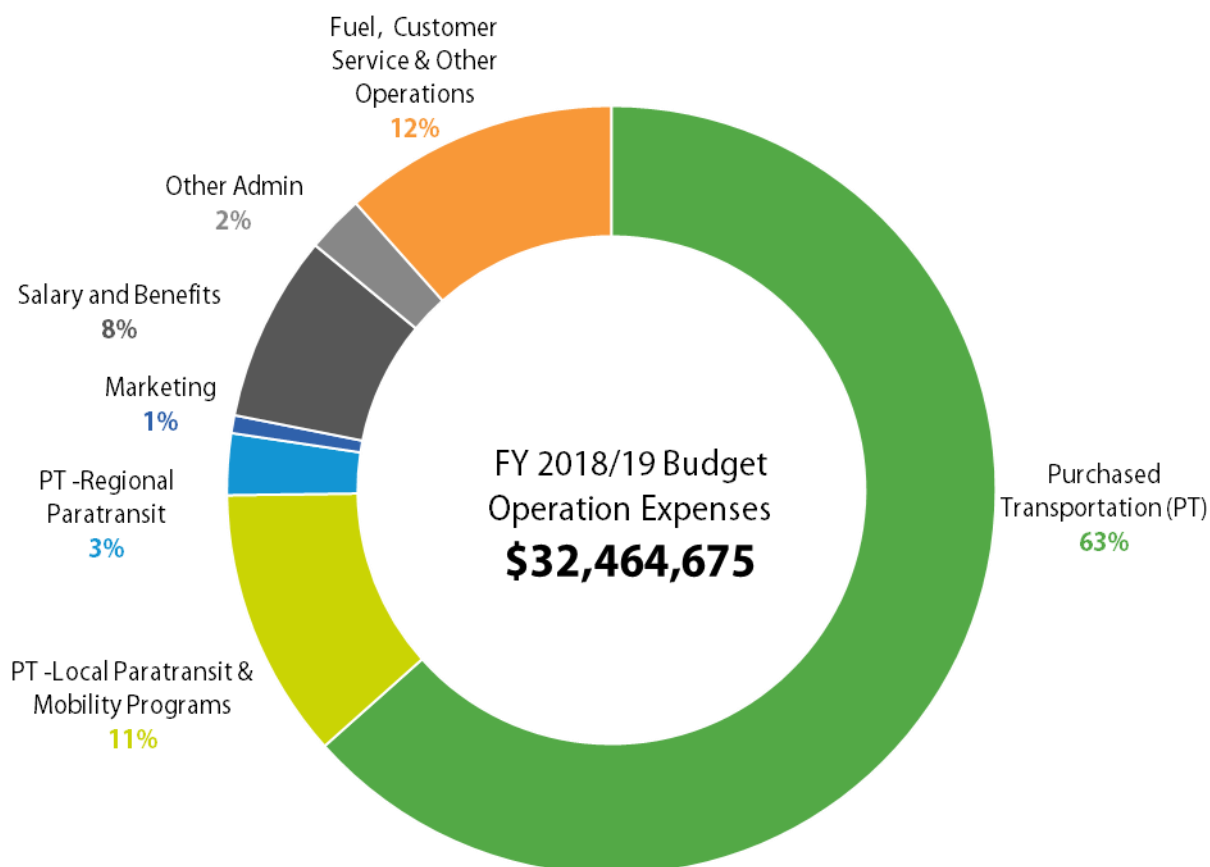
## District Expenses

Marin Transit provides local transit service through purchased transportation contracts. Under this structure, the majority of district operations expenses (Figure 4) are for contract service operation (77%) and associated fuel and other operations expenses (12%). Contract service operations includes local paratransit, regional paratransit and fixed route purchased transportation. The following sections discuss information and trends on general agency costs including staffing, consulting, fuel, and marketing. More detailed operations and service costs are discussed in later sections that correspond to the District's program areas: local service, yellow bus, rural service, and Marin Access. Categories with variances greater than \$100,000 are summarized in Table 4.

**Table 4: Expense Variances in Operations Budget (>\$100,000)**

Expense Category	FY 2018/19 Budget	Variance from Prior Year Budget		Notes
		Amount (\$)	%	
Salaries and Benefits	\$2,556,016	\$144,470	6%	Increase to add additional human resources position
Customer Service	\$14,112,363	\$178,879	30%	Budget increase for potential increases in travel navigator costs under new contract
Contract Service Operation	\$25,119,706	\$1,813,109	8%	Increases in contract rates under new contracts effective July 1, 2018, particularly on Stagecoach, Muir Woods and Supplemental School service
Fuel	\$2,431,546	\$305,328	14%	Fuel prices are expected to increase based on trend analysis and price of crude oil

**Figure 4: Operations Expenses for FY 2018/19 Budget**



### **Staffing**

Marin Transit directly employs all District staff. Benefits for regular employees include medical benefits coordinated through the County of Marin and an employer-funded defined contribution retirement program.

The FY 2018/19 budget includes 16.4 regular full-time equivalent positions (Table 5 and Figure 5) and additional seasonal and temporary staff for Muir Woods Shuttle greeters, staff interns, and supplemental staff support. This includes an additional administrative position focused on human resources and office administration.

Marin Transit is currently completing a salary study to compare the District's compensation level to other neighboring agencies and ensure the compensation is appropriate and sufficient to attract and retain staff. Results from this study may inform an update to the employment framework that would be brought to the Marin Transit board for approval. Based on the employment framework adopted by the Board in August 2013, top salary ranges

for each classification will increase by the consumer price index (CPI)<sup>2</sup>. This does not affect individual salaries. Any potential salary increases are subject to the agency review process and will be in accordance with Board-adopted employment policies.

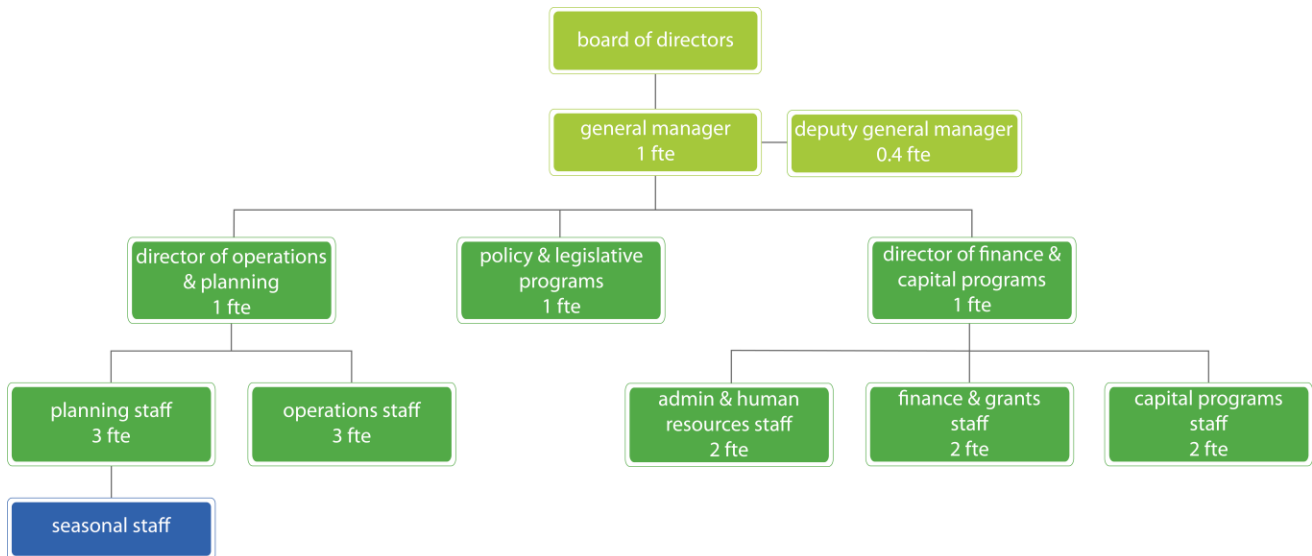
The salary and benefits budget increases 6% or \$142,000. This includes an additional administrative position focused on human resources and office administration and an allowance for merit-based salary increases and promotions. Benefit costs are on a calendar year and there were no significant increases to benefit rates in 2018. Marin Transit currently has three vacant positions. The budget assumes these positions are filled quickly. If there is a need to delay filling the positions to locate the right candidates, Marin Transit will continue to underspend in this budget category.

**Table 5: Personnel Counts**

	FY 2016/17	FY 2017/18	FY2018/19
Budget	15.6	15.6	16.4
Actual	13.5	14.1	

Notes: 1) Stated in Full Time Equivalents (FTE's)  
 2) Does not include temporary seasonal workers

**Figure 5: Marin Transit FY 2018/19 Organization Structure**



<sup>2</sup> Bay Area CPI February 2018 – 3.6%

## **Fuel**

As of FY 2015/16, Marin Transit pays directly for fuel used in all purchased transportation contracts. This structure shifts the risks for fuel price fluctuations to the District. In exchange, the contractors provide lower contract rates as they do not need to hedge against potential fuel price increases.

The method for purchasing fuel varies between contracts depending on the volume of service, existing infrastructure, and location of service. GGBHTD maintains its own fuel contract and delivery system. Two contractors purchase fuel through the County of Marin, and a fourth contractor uses a combination of commercial pumps and onsite delivery. In general, the bulk contract purchases by the County of Marin and GGBHTD provide a lower cost per gallon and result in a delayed market effect. The County of Marin applies a 10% service charge that reduces effective cost-savings. As the District identifies future facility locations, the potential for fuel savings should be considered.

Fuel costs increased significantly in FY2017/18 and are expected to be about 10% higher than the previous year. Fuel prices continue to be volatile and the budget allows for another 10% increase in diesel fuel prices in FY 2018/19. The continued increase is based on the US Energy Information Administration's, May 9, 2018, projected price of \$2.90 per gallon in 2019.

Marin Transit will have its first two electric buses in service in FY2018/19. The electric power costs will be segmented from GGBHTD's San Rafael maintenance yard based on vehicle charging reports. The budgeted costs are based on 100 miles per day per vehicle and an effective rate of 0.34 cents a mile. This assumes overnight charging without significant demand charges.

## **Administration**

The administration budget (Table 6) includes revenues and expenses shared by all program areas. While these items are budgeted and recorded under administration, expenses are allocated to the program budgets based on a program's resource usage (i.e., billed staff time). This enables Marin Transit to track the full cost of programs.

Expenses in the administration budget include: staff salaries and benefits, audit fees, insurance, travel costs, professional development expenses, office rental, and other associated costs. Marin Transit's Board authorized a lease extension for expanded office space that is anticipated to begin June 2018 and extend for five years, through June 2023.

Table 6: Administration Budget

	FY 2017 Actual	FY 2018 Budget - Revised	FY 2018 Estimated Actuals	FY 2019 Budget	% Δ from FY 2018 Budget
<b>Revenue</b>					
4070400 Interest	51,968	55,000	75,903	70,250	28%
4079950 Development Fees	17,940	15,634	28,509	18,200	16%
4079954 Residual ABX 126	40,024	36,398	22,202	40,000	10%
4080101 PropTax-CurrntSecured	3,577,553	3,759,249	3,759,249	3,947,211	5%
4080102 County Fee-Admin Basic Tax	(57,683)	(60,856)	(59,624)	(62,681)	3%
4080103 Property Tax-Unitary	33,188	32,057	34,912	35,000	9%
4080104 PropTax-CurrntUnSecur	72,363	67,380	70,000	73,000	8%
4080105 Educ Rev Augm Fund-Redist	365,940	280,915	346,393	350,000	25%
4080106 PropTax-Supp CY SECR	87,685	97,091	88,000	87,685	-10%
4080107 PropTax-Supp Unsecured	1,149	1,000	1,327	1,000	0%
4080108 PropTax-Redemption	3,561	1,500	1,923	1,500	0%
4080109 Property Tax-Prior Unsecured	2,776	2,494	3,968	3,968	59%
4090101 Other Local	520	-	-	-	-
4119940 Other State	320	300	334	300	0%
<b>Subtotal Revenue</b>	<b>4,197,304</b>	<b>4,288,162</b>	<b>4,373,096</b>	<b>4,565,433</b>	<b>6%</b>
4700001 Property Tax Transfer	(73,692)	(1,047,312)	(138,194)	(961,797)	-8%
<b>Net Revenue</b>	<b>4,123,612</b>	<b>3,240,850</b>	<b>4,234,902</b>	<b>3,603,636</b>	<b>11%</b>
<b>Expense</b>					
5010200 Salaries	1,307,083	1,769,932	1,366,222	1,673,909	-5%
5020000 Benefits	768,995	641,614	768,948	882,107	37%
5030301 Consultant Services	63,753	125,000	130,257	175,000	40%
5030304 Prof Svcs - Legal	27,403	100,000	93,858	150,000	50%
5030305 Prof Svcs - Audit	38,315	31,827	29,510	32,561	2%
5049901 Office Supplies	10,630	13,000	9,583	14,000	8%
5049902 Small Furn/Equip	7,876	12,730	6,995	13,000	2%
5049903 Software Maintenance	48,981	61,267	47,501	60,000	-2%
5049904 Copier Suppl & Srv	8,333	9,500	8,878	9,167	-4%
5049905 Postage	2,492	3,000	1,470	3,090	3%
5049906 Computers	12,787	15,000	18,699	20,000	33%
5050201 Communication - Phone	23,854	29,000	27,257	31,230	8%
5060301 Insurance - Gen Liability	22,324	29,000	27,860	29,870	3%
5090101 Memberships & Prof Dev.	25,322	60,000	24,041	61,800	3%
5090202 Mileage and Travel	15,883	23,000	20,363	23,690	3%
5090801 Marketing	5,441	12,360	8,010	12,731	3%
5100401 County Fee - Special District	2,009	2,500	670	2,575	3%
5121200 Office Rental	96,668	113,440	98,110	137,000	21%
<b>Subtotal Expense</b>	<b>2,488,149</b>	<b>3,052,170</b>	<b>2,688,232</b>	<b>3,331,730</b>	<b>9%</b>
5100100 Salary/Benefit Transfers	(1,934,963)	(2,181,125)	(1,932,812)	(2,341,936)	7%
5100101 Transfer Overhead	(410,212)	(552,750)	(321,574)	(473,809)	-14%
<b>Net Expense</b>	<b>142,974</b>	<b>318,295</b>	<b>433,846</b>	<b>515,985</b>	<b>62%</b>

## Local Service

The local service budget (Table 8) includes all revenues and expenses related to the provision of fixed route service and general purpose dial-a-ride, excluding rural service. Major programs in the local service budget include local fixed route, Community Shuttle service, supplemental school, Muir Woods seasonal shuttle, and Novato Dial-A-Ride. In the prior year, revenues and expenses for yellow bus service were included in the local service budget. Other major expenses in the local service budget include: consultant services for stop-level ride checks, service contract audits and reviews, communications, marketing, and staff time for contract oversight. This budget also includes costs and revenues for special projects such as the youth pass, and Homeward Bound tickets.

Beginning with FY 2017/18, yellow bus service is shown in a separate budget (page 25).

The local service budget for FY 2018/19 is \$21,961,627 (Table 8) provides for one percent service increase over the prior year budget (Table 7). The Local Service budget has the following significant changes in FY2018/19:

- (A) Two new operations contracts for Muir Woods, Supplemental School, Community Shuttle Service and Local Basic
- (B) Route adjustments to June 2016 service expansion to reduce unproductive service
- (C) First full year of increased Muir Woods Service, reduced passenger fare and new National Park contract

**(A) New Contracts.** As the result of a competitive procurement, Marin Transit issued two new contracts for service operations with Marin Airporter and MV Transportation. Marin Airporter will continue to operated the Shuttle Services and expand the number of Local Basic routes they operate. The contract rates are similar to the prior year contract. MV Transportation will continue to operate the Muir Woods Shuttle service, the supplemental school routes and the Rural Stagecoach service. The hourly rates are similar to the prior year contract, but the fixed fee amount increases significantly to include additional staffing for the Muir Woods Shuttle service and to reflect the higher administrative, overhead, and deadhead costs associated with peak period service like the supplemental school routes.

**(B) Service Adjustments.** Marin Transit is implementing route adjustments in June 2018 based on the performance of service expansion that was done in June 2016. The route adjustments reduce unproductive service and reallocate service hours to supplemental school service.

**(C) Muir Woods Shuttle Service.** The Muir Woods Shuttle service was modified in January 1, 2018 to provide year round weekend service and seasonal weekday service. This service is operated in partnership with the National Park System (NPS) and they provide federal grant funds for 50% of the baseline operation costs, 100% of the service expansion cost and for subsidizing a reduction of the round trip passenger fare from \$5 to \$3. This has proven to be a successful service for Marin County to reduce traffic in TAM Valley and help address parking limitations at the National Monument. The service will be operated under the new MV Transportation contract, effective July 1, 2018 and the contract service costs (without fuel) increase to \$120 per hour. This is an 86% percent rate increase that includes adding a dedicated Muir Woods Staff member, and a part time Muir Woods coordinator, along with updates to reflect the current labor market. Additionally, the prior rate was artificially low due to an older contract.

This budget includes the continuation of the College of Marin funded partnership service, Route 122. This route is funded with student fees that also pay for bus passes for College of Marin students.

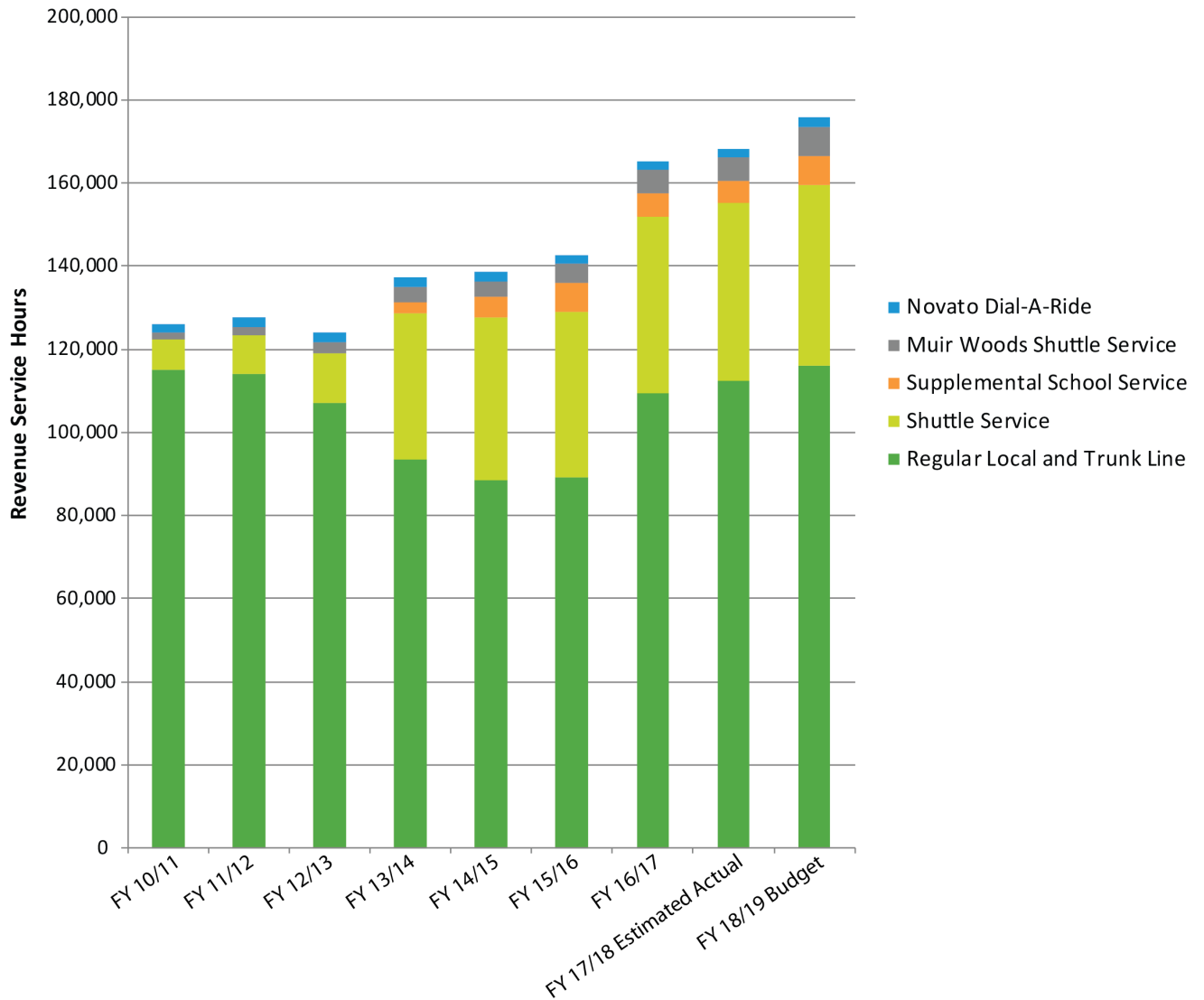
**Table 7: Local Budget Service Levels**

Service Type	FY 2018/19 Budgeted Service (Rev Hrs)	Average Contract Cost Per Hour (without fuel)	Notes
Local Basic and Trunk Line	116,000	\$107.10	Service level similar to prior year; service adjustments being made in June 2018 to reallocate unproductive service; service provide by two contractors, blended contract rate increases 3.6%
Community Shuttles	43,500	\$76.27	Service level similar to prior year, contract rate increases 5.4%
Supplemental School and Partnership	7,100	\$112.38	Service level similar to prior year, contract rate increases 20%
Muir Woods Shuttle	6,810	\$120.37	Increased service level to provide year round weekend service and summer weekday service, contract rate increases 86%
Novato Dial-A-Ride	2,400	\$65.71	Service level similar to prior year, contract rate increases 6%

Local service is funded with a combination of fare revenue, advertising revenue, Measure A local sales tax funds, State Transit Assistance (STA), and federal grants. Measure A sales tax funds budgeted for local service are \$10,173,000 and 46% of budgeted revenues, down from 50% in the FY 2017/18 budget. State operations funding from Transportation Development Act (TDA) and STA are an increasing percentage of the local budget revenues. State funds are 33% of the local budget, up from 28% in the prior year budget. Fare revenues are estimated to be 14% of the budget, with a slight drop from the lowering of the Muir Woods Shuttle fares. Marin Transit also provides two significant fare subsidy programs that reduce fare revenue. These are the youth pass program for free fixed route transit to low income youth and Homeward Bound that provides free fixed route transit to people participating in County programs.



**Figure 6: Local Revenue Service Hours by Program**



In FY 2018/19, Marin Transit expects to expend the following state and federal grant awards for local service:

<u>Amount</u>	<u>Program</u>	<u>Source</u>
\$335,724	Local Service Expansion	Low Carbon Transit Operations Program (LCTOP)

Marin Transit also has applications pending review from TAM for additional State Transit funds and FTA Section 5307 funds for lifeline projects that serve low income and disadvantages communities.

Table 8: Local Service Budget

	FY 2017 Actual	FY 2018 Budget - Revised	FY 2018 Estimated Actuals	FY 2019 Budget	% Δ from FY 2018 Budget
<b>Revenue</b>					
4060301 Advertising Revenue	245,018	238,400	250,932	245,552	3%
4070301 Lease of Property	152,772	161,800	144,428	166,654	3%
4090101 Other Gov Agency Payments	1,635	0	1,679	0	NA
4092001 Measure A Sales Tax	8,716,638	10,079,224	9,949,671	10,173,000	1%
4092003 Measure A Sales tax - Interest	85,000	85,000	85,000	85,000	0%
4110101 State Transit Assistance	1,021,043	1,214,815	1,224,816	1,744,814	44%
4110102 Transit Development Act (TDA)	4,440,516	4,453,555	4,614,306	5,109,399	15%
4110103 State Transit Assistance - Lifeline	502,218	0	0	0	NA
4119904 State - LCTOP	0	128,676	128,676	335,724	161%
4139910 Fed-FTA 5307- JARC	0	222,210	222,210	0	-100%
4139912 Fed-FTA 5307 STP	123,080	0	0	0	NA
4139951 National Park Service	87,654	91,540	191,824	600,000	555%
4140100 Fare Revenue	2,773,985	3,031,479	2,883,924	2,773,337	-9%
4020000 Special Fares - Paid by Another Agency	269,244	277,276	270,550	274,387	-1%
<b>Subtotal Revenue</b>	<b>18,418,803</b>	<b>19,983,975</b>	<b>19,968,016</b>	<b>21,507,867</b>	<b>8%</b>
4700001 Property Tax Transfer	-	250,000	88,868	373,760	50%
4700002 Program Revenue Transfer	77,810	100,000	-	80,000	-20%
<b>Total Revenue</b>	<b>18,496,613</b>	<b>20,333,975</b>	<b>20,056,884</b>	<b>21,961,627</b>	<b>8%</b>
<b>Expense</b>					
5010200 Salaries and Benefits	6,216	0	0	0	NA
5030301 Consultant Services	144,334	200,000	252,779	206,000	3%
5030310 Fare Processing Charges	37,694	37,922	46,719	14,653	-61%
5030320 Customer Service	279,495	284,384	271,972	301,393	6%
5030602 Custodial Service	13,588	14,602	19,981	21,315	46%
5030701 Security Services	253,525	270,224	245,086	273,389	1%
5040101 Fuel	1,246,749	1,406,954	1,401,764	1,695,743	21%
5049904 Software	23,750	22,000	20,750	22,660	3%
5050205 Communication-AVL	57,071	78,094	108,412	91,592	17%
5050206 Communication-Data	2,799	2,731	2,589	2,925	7%
5080101 Purchased Transportation	15,336,943	16,371,183	16,089,216	17,539,220	7%
5090801 Marketing	69,781	90,500	83,831	101,065	12%
5100404 Expense Transfer - GGT Wave	85,000	85,000	85,000	85,000	0%
5122010 Signs	4,897	0	642	1,044	NA
<b>Subtotal Expense</b>	<b>17,561,842</b>	<b>18,863,594</b>	<b>18,628,741</b>	<b>20,355,999</b>	<b>8%</b>
5100100 Salary/Benefit Transfers	998,502	1,165,498	1,109,566	1,417,739	22%
5100101 Overhead Transfer	211,683	304,881	184,521	187,889	-38%
<b>Total Expense</b>	<b>18,772,027</b>	<b>20,333,973</b>	<b>19,922,828</b>	<b>21,961,627</b>	<b>8.0%</b>

## Yellow Bus Service

In FY 2018/19 Marin Transit will continue to manage operations, service contracts, and pass sales for six yellow buses serving Ross Valley schools. Marin Transit will also continue to provide operations oversight for the Reed Union and Mill Valley School Districts, which pay Marin Transit directly for services and staff time to help manage their yellow bus services. Services included in the budget are shown in Table 9.

Revenues and expenses associated with yellow bus service (Table 10) are recorded in a separate fund in the District's accounting system. The program is constrained by available funding, the lack of adequate parking and maintenance facilities, and the ability to attract and retain qualified drivers. An ongoing ad hoc school transportation committee of the Marin Transit Board has been meeting to discuss school transportation needs and Marin Transit's role in providing home to school bus service. Guidance from this task force will be incorporated in the District's ongoing planning and ultimately in the next Short Range Transit Plan update.

**Table 9: Yellow School FY 2018/19 Budgeted Program**

	Ross Valley School District	Mill Valley School District	Reed Union School District
<b>Program Structure</b>			
<b>Does Marin Transit directly contract with a yellow bus operator?</b>	Yes	No	No
<b>Contract Type</b>	Marin Transit owns contract with service provider. Marin Transit responsible for all aspects of program management.	Marin Transit provides Operational Support.	Marin Transit provides Operational Support
<b>Service Provider</b>	Michael's Transportation	Michael's Transportation	First Student
<b>Operations</b>			
<b>Number of Buses</b>	6	2	7
<b>Number of Schools Served</b>	3	3	3
<b>Number of Trips Daily (Routes)</b>	17	6	26
<b>One-way Passes</b>	1,014	276	1,400

Table 10: Yellow School Bus Service Budget

	FY 2017 Actual	FY 2018 Budget - Revised	FY 2018 Estimated Actuals	FY 2019 Budget	% Δ from FY 2018 Budget
<b>Revenue</b>					
4090101 Fee For Service	145,000	145,000	145,000	145,000	0%
4092001 Measure A Sales Tax	81,419	119,200	123,606	109,910	-8%
4030000 Yellow Bus Fares- Paid By Othe	307,397	175,042	158,178	227,000	23%
4140105 Fare Revenue - Yellow Bus	328,066	407,400	407,400	402,740	-1%
<b>Subtotal Revenue</b>	<b>861,882</b>	<b>846,642</b>	<b>834,184</b>	<b>884,650</b>	<b>4%</b>
<b>Expense</b>					
5030310 Fare Processing Charges	8,108	12,222	11,895	15,521	27%
5030602 Custodial Service	1,236	1,500	1,210	1,800	20%
5049902 Small Furn/Equip	0	0	0	1,800	NA
5049903 Software	215	0	0	0	NA
5050205 Communication-AVL	2,630	12,000	13,180	12,825	7%
5050206 Communication-Data	8,697	9,000	8,376	9,270	3%
5080103 Yellow Bus School Service	593,822	624,456	624,456	624,240	0%
5090801 Marketing	1,945	2,000	2,384	3,000	50%
5120401 Leases and Rentals - Passenge	23,983	23,625	18,624	23,980	2%
<b>Subtotal Expense</b>	<b>640,636</b>	<b>684,803</b>	<b>680,125</b>	<b>692,436</b>	<b>1%</b>
5100100 Salary/Benefit Transfers	182,547	131,744	132,092	147,462	12%
5100101 Transfer Overhead	38,700	30,095	21,967	44,753	49%
<b>Total Expenses</b>	<b>861,883</b>	<b>846,642</b>	<b>834,184</b>	<b>884,651</b>	<b>4%</b>

## Rural Service

Rural service is operated as the West Marin Stagecoach, and includes northern Route 68, southern Route 61, and the rural Dial-A-Ride program. No changes are planned to the rural service levels (Table 11). The rural service budget (Table 12) includes contract service operations, marketing, fuel, communications, and Marin Transit staff expenses.

**Table 11: Rural Budget Service Levels**

Service Type	Service Level (Revenue Hours)	Contract Cost Per Hour (without fuel)	Notes
West Marin Stagecoach	16,400	\$87.07	Service level similar to prior year.
Rural Dial-A-Ride	435	\$59.06	Proposed service increase from once a month to twice a month between Point Reyes to Novato service twice month

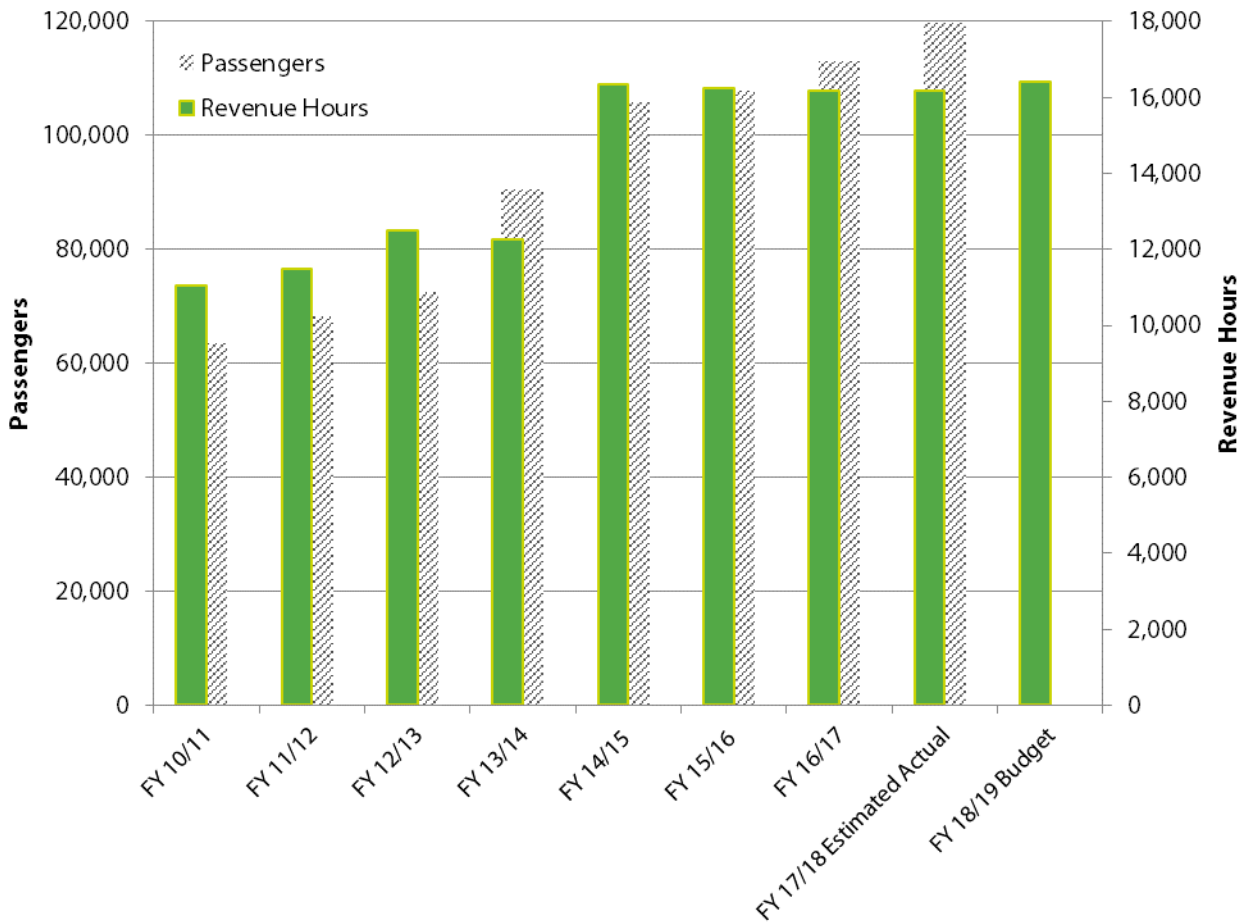
The West Marin Stagecoach, Routes 68 and 61, will be operated under a new operations contract with MV Transportation effective July 1, 2018. The prior contract extends through June 30, 2018, and the service was re-bid as part of a competitive procurement in fall 2017. The fixed fees on the contract increased and as a result the contract rate increases 34% to \$87.07 per hour. While the increase is substantial, the contract reset provides increased wages and the prior rate was artificially low due to an older contract.

The rural Dial-A-Ride service is operated by the paratransit contractor.

The FY 2018/19 rural budget will fund a similar level of Stagecoach service as the prior year and includes 16,540 fixed route revenue hours. The solid green bar in Figure 7 shows that this is the fifth (5<sup>th</sup>) year of expanded service on Stagecoach. Ridership has continued to grow on the expanded service.

The Dial-A-Ride includes one round trip a week from Tomales and Dillon Beach to Petaluma and two round trips a month from Point Reyes to Novato.

**Figure 7: Rural Service Level and Ridership Trends**



Rural service is funded with a combination of local sales tax funds and Federal Transit Administration (FTA) Section 5311 rural funding. Marin Transit receives an annual allocation of 3% of Measure A sales tax funds (\$748,372 for FY 2018/19) for rural service. In addition to the current year allocation, the rural service budget (Table 11) includes the expenditure of \$240,275 of unspent prior year rural Measure A funding. This is the last year of five years of expending prior year funds to provide expanded service. The service expansion in 2014, was successful in attracting more passenger trips and based on the Short Range Transit Plan this service will be continued. Property tax revenues will be used to continue funding contract operations.

Caltrans and MTC have historically programmed FTA Section 5311 funding based on rural populations and service hours. Prior programming changes at the regional level had created more predictability in funding. However, recent contracting and programming delays at the federal and state level have slowed the process of allocating and receiving funds. The budget bases FTA 5311 funding on historic levels, but this funding is not secure. Marin Transit has experienced an overall decline in FTA 5311 funding over several years.

Table 12: Rural Service Budget

		FY 2017 Actual	FY 2018 Budget - Revised	FY 2018 Estimated Actuals	FY 2019 Budget	% Δ from FY 2018 Budget
<b>Revenue</b>						
4092001	Measure A Sales Tax	1,061,315	1,133,976	1,117,728	988,648	-13%
4139920	Fed-FTA 5311 Rural	206,437	193,063	195,398	198,750	3%
4139951	National Park Service	1,355	0	0	0	NA
4140100	Fare Revenue	121,370	123,264	122,807	121,794	-1%
<b>Subtotal Revenue</b>		<b>1,390,477</b>	<b>1,450,303</b>	<b>1,435,933</b>	<b>1,309,192</b>	<b>-10%</b>
4700001	Property Tax Transfer	0	25,457	28,484	542,325	2030%
<b>Total Revenue</b>		<b>1,390,477</b>	<b>1,475,760</b>	<b>1,464,417</b>	<b>1,851,517</b>	<b>25%</b>
<b>Expense</b>						
5030301	Consultant Services	3,697	16,391	22,168	16,883	3%
5040101	Fuel	155,735	185,034	176,656	203,676	10%
5050205	Communication-AVL	12,743	14,027	15,936	15,931	14%
5050206	Communication-Data	831	1,000	831	1,030	3%
5080101	Purchased Transportation	1,096,113	1,090,787	1,158,616	1,453,681	33%
5080102	Purchased Trans –Exc <sup>1</sup>	1,355	0	0	0	NA
5090801	Marketing	15,565	31,236	12,524	32,173	3%
<b>Subtotal Expense</b>		<b>1,286,039</b>	<b>1,338,475</b>	<b>1,386,731</b>	<b>1,723,374</b>	<b>29%</b>
5100100	Salary/Benefit Transfers	86,169	107,973	66,609	98,308	-9%
5100101	Transfer Overhead	18,268	29,312	11,077	29,835	2%
<b>Total Expenses</b>		<b>1,390,476</b>	<b>1,475,760</b>	<b>1,464,417</b>	<b>1,851,517</b>	<b>25%</b>

Notes:

- 1) Fort Baker service operated for National Park Service

### Marin Access (Paratransit and Mobility Management)

The Marin Access budget (Table 14) includes Marin Access paratransit services for both local and regional trips (intra- and inter-county) and associated costs for fuel, communications, and marketing. The Marin Access budget also includes Marin Transit's Mobility Management services. The purpose of the Mobility Management efforts are to increase mobility for the County's senior, disabled, and low-income residents and to help manage the increasing demand for paratransit services. The Mobility Management services include the Catch-A-Ride subsidized taxi program, a volunteer driver reimbursement program, the new "Marin Transit Connect" on demand service, Travel Navigators, and travel training.

The FY 2018/19 budget for Marin Access (Table 13) is \$7.25 million, which funds the service and programs shown in Table 12 and is a 4% increase over the prior year budget. The budget provides for paratransit service levels that are 9% above current year estimated actuals. The budget also includes additional revenue hours to add a new pilot program (Marin Transit Connect) that will test on demand accessible transit service. These services were also budgeted for in FY 2017/18 but implementation was delayed.

While paratransit demand was rapidly increasing along with the growth of the aging population in Marin, paratransit ridership has leveled off, now showing modest growth. Riders with disabilities and those who are aging have a diverse set of mobility needs and not all riders require paratransit to travel. Marin Transit recognizes this and instead of offering paratransit as the only alternative to fixed route, a program that is both costly to provide and more restrictive to the rider, the District has been successful in implementing a mobility management approach that matches riders with the most efficient and attractive option for both the rider and provider. As Marin Transit expands the mobility management program, staff are looking to provide lower cost options to riders that also provide more flexibility to a diverse population. Moving forward, the District recognizes the mobility management program as an opportunity to test new partnerships and incorporate additional non-profit or private transportation providers in order to increase mobility and contain costs.

#### ***Paratransit***

The local component of Marin Access paratransit service provides demand-response trips to passengers certified as unable to use the fixed route system either all or some of the time. This includes trips mandated under the Americans with Disabilities Act (ADA) federal law as well as trips that go beyond the ADA requirements. While demand for paratransit in Marin County has historically grown year-over-year as Marin County ages, the previous two fiscal years saw ridership declines and corresponding declines in revenue service hours. Based on the ridership in the first half of FY2017/18, these trends are reversing as ridership is now growing at a similar rate to historic growth. While staff continue to evaluate and monitor paratransit trends, ridership may have declined over the two-year period due to many factors including weather, the economy, and the availability of new or expanded services that also fill the needs of paratransit riders. These services include:

- Non-Emergency Medical Transportation services arranged by managed care organizations;
- Private transportation providers hired under contract to institutions typically served by paratransit, such as adult day care centers;
- Trips taken on Uber or Lyft; and



- Volunteer transportation services that Marin Transit may support that carry riders that are not reported in the District's performance statistics.

Regional paratransit continues to experience a decline in requests for mandated trips in FY 2017/18. GGBHTD determines regional paratransit service levels and has programmed a 10% increase in revenue hours to account for any future changes in regional demand.

The FY 2018/19 paratransit service levels are budgeted at 9% higher than the FY 2017/18 budget (Table 13). This reflects approximately the same amount of growth projected for this year (8%) and enables Marin Access to serve a small increase in non-mandated trips.

**Table 13: Marin Access Budget Service and Program Levels**

Service Type	Service Level (Revenue Hours)	Contract Cost Per Hour (without fuel)	Notes
Local Paratransit	62,491	\$59.10 <sup>1</sup>	Allows for 9% growth, FY17/18 growth is projected to be 8%, service area was expanded to include East San Rafael
Regional Paratransit	9,500	\$88.40 <sup>2</sup>	Allows for 10% growth
Transit Connect	1,831	\$59.10	New same day accessible service in limited San Rafael area

Service/Program	Service Level (Projected Ridership)	Funding Level	Notes
Catch A Ride	15,000	\$350,000	Funded with Measure B
Volunteer Driver	14,800	\$130,000	Program at similar service level with additional funds to provide program support and develop community-based volunteer driver programs
Gap Grants	NA	\$15,000	Planned expenditure of funds from a call for projects in Spring 2017
Low Income Scholarships	NA	\$30,000	Provides free paratransit fares for low-income riders. Scholarships are funded with Measure B. Funding level is based on current expenditure level.

Notes:

- 1) This is the effective rate at the projected service level. Actual costs are billed as a fixed monthly administrative cost with a \$38.74 hourly rate.
- 2) This is the effective rate at the projected service level. Actual costs are billed as a fixed monthly administrative cost with a \$45.29 hourly rate.

The budget includes other related program costs such as scheduling software, operation of on-vehicle equipment, and fuel. A Marin Access consulting budget is available for information technology costs related to hosting software and for evaluating the Marin Transit Connect pilot program.

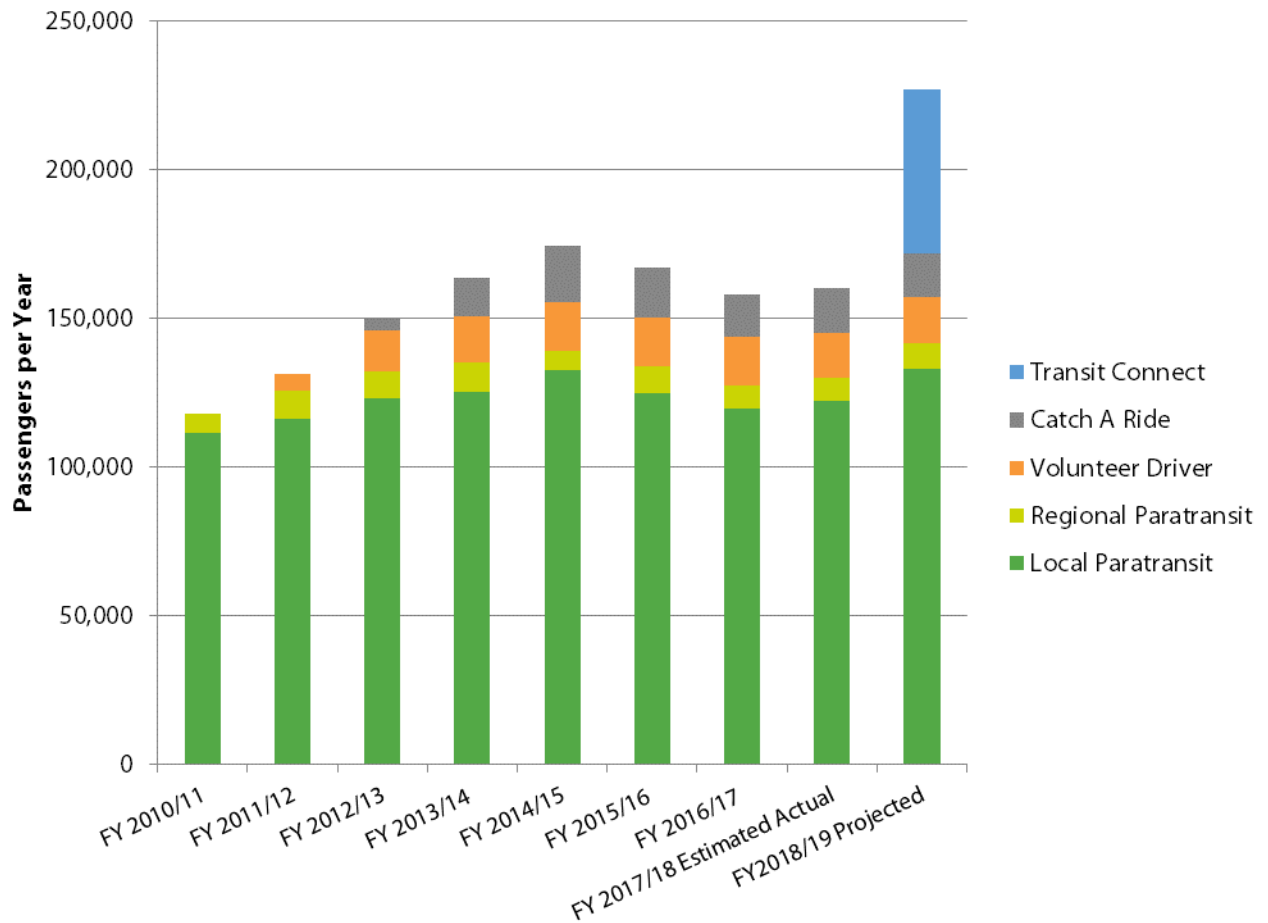
The paratransit program purchases fuel directly from the County of Marin. The FY 2018/19 fuel budget provides for the increase in hours and a 10% increase in price to respond to the recent and significant price crude oil price increases.

### ***Mobility Management***

Marin Transit established the Mobility Management Office in 2009, with initial funding from a Federal New Freedom Grant. In October 2010, Marin Transit established the Marin Access Mobility Management Center (Travel Navigator program), as a one-stop-shop for information and eligibility on all Marin Access programs. The Mobility Management Center serves as an umbrella for paratransit, volunteer driver, a subsidized taxi program (Catch-A-Ride), and travel training. Travel training activities include: local informational presentations, individualized travel training, monthly "satellite office hours" at four locations around Marin County, and a weekly training bus for the developmentally disabled. There are currently three full-time Travel Navigators and one full-time Travel Navigator Supervisor.

Marin Transit issued a competitive procurement for the Marin Access Mobility Management Center in the Spring of 2018. The procurement requested a merged operation to include all Travel Navigator services in addition to the scheduling of any same day transportation service. The results of this procurement are not finalized and based on initial indicators, the costs for the program may increase. The budget includes a 50% increase in Travel Navigators costs which may not be sufficient due to the changing labor market and increasing costs for office space. If Marin Transit is unable to procure these services at a cost-effective price, the District may look at other delivery models including reducing contract staffing, adding direct staffing, and using on-call eligibility review.

Catch A Ride and the Volunteer Driver programs are expected to provide similar levels of service and passenger trips as provided in FY 2017/18. The new Transit Connect program is projected to provide 54,900 new passenger trips and provide new mobility to both Marin Access consumers and the general public. Additional costs are associated with scheduling of Transit Connect trips through the Travel Navigators.

**Figure 8: Marin Access Passengers by Program**

Mobility Management initiatives in the FY 2018/19 budget include:

- Piloting and evaluating Marin Transit Connect: an accessible same-day transportation service available to the general public within a limited geographic area;
- Engaging a consultant to develop resources that will support and train local community-based organizations to administer their own volunteer driver programs;
- Providing gap grant funding and technical assistance to Technology4Life to continue offering "Tech Tips 4 Transportation" classes at no cost to the public, and begin developing instructional videos that will be available online;
- Providing gap grant funding to research and develop a program to expand shuttle services that meet unmet transportation needs for seniors and riders with disabilities, including food shopping and social interaction;
- Conducting outreach in venues easily accessible and commonly frequented by older adults and people with disabilities; and

- Improving coordination between human service agencies and transportation providers.

Any proposed new Mobility Management programs will be considered for approval by the Marin Transit Board.

Marin Transit provides free fixed route tickets valued at \$100,000 to Marin County's Homeward Bound program for participating residents. The cost of this program is represented as a revenue transfer from the Marin Access program to the local program.

### ***Marin Access Revenue***

Local paratransit is primarily funded by local sources including Measure A and property tax.

GGBHTD pays for all costs related to regional paratransit along with their share of mandated local paratransit based on their share of transit in Marin County. As of FY 2015/16, GGBHTD directly reports the ridership, fares, and costs associated with their share of paratransit to the National Transit Database (NTD) and the State Controller's Office.

Under the 2015 GGBHTD contract, Marin Transit's share of Federal Transit Administration Section 5307 for Marin County paratransit operations increased from 50% to 80%. This source accounts for 10% of Marin Access revenue.

Marin Access receives 9% of Measure A sales tax revenue. As of FY 2011/12, Marin Transit receives 35% of the Measure B vehicle license fee to support the mobility management initiatives. Marin Transit is budgeting \$1,250,000 of Measure B funding in FY 2018/19, which includes \$468,625 in unspent prior year allocations.

Fare revenue makes up approximately 5% of the Marin Access budget and is expected to increase with the new Transit Connect program. Based on a fare study and SRTP recommendations, Marin Transit plans to consider restructuring paratransit fares and other mobility management program fees in FY 2018/19, but this is aimed creating passenger price incentives between Mobility Programs rather than increasing fare revenues.

In FY 2018/19, Marin Transit expects to expend the following state and federal grant awards for Marin Access:

<u>FY2018/19</u> <u>Expenditure</u>	<u>Total Grant Award</u>	<u>Program</u>	<u>Source</u>
\$100,000	\$300,000	Mobility Management – Additional Staffing	Federal Section 5310
\$337,500	\$700,000	Same day accessible service, Transit Connect Pilot	Federal Section 5310

Table 14: Marin Access Budget

	FY 2017 Actual	FY 2018 Budget - Revised	FY 2018 Estimated Actuals	FY 2019 Budget	% Δ from FY 2018 Budget
<b>Revenue</b>					
4092001 Measure A Sales Tax	2,180,396	1,954,372	2,117,690	2,527,417	29%
4099950 Measure B	627,198	1,045,000	839,855	1,250,000	20%
4110101 State Transit Assistance	53,429	60,166	60,404	96,888	61%
4119910 State Prop Tx Relief HOPTR	18,953	19,138	18,940	18,500	-3%
4139910 Fed-FTA 5307 Urbanized Area Formula	627,012	701,236	701,236	715,573	2%
4139915 Fed-FTA 5310 Mobility	49,157	250,000	75,000	437,500	75%
4139941 Fed-FTA 5317 New Freedom	59,661	0	0	0	NA
4140100 Fare Revenue	325,787	332,509	321,069	408,362	23%
4140110 Low Income Rider Scholarships	-20,920	-40,000	-25,520	-40,000	0%
4601001 Misc.-Reimbursement	8,841	0	8,381	9,000	0%
4601003 GGBHTD – Local Paratransit Payment	1,010,628	1,114,848	1,022,049	1,051,448	-6%
4601004 GGBHTD – Regional Paratransit Payment	734,514	868,428	796,981	856,206	-1%
<b>Subtotal Revenue</b>	<b>5,674,656</b>	<b>6,305,697</b>	<b>5,936,085</b>	<b>7,330,894</b>	<b>2</b>
4700001 Property Tax Transfer	0	771,855	0	0	-100%
4700002 Program Revenue Transfer	-77,810	-100,000	-80,000	-80,000	-20%
<b>Total Revenue</b>	<b>5,596,846</b>	<b>6,977,552</b>	<b>5,856,085</b>	<b>7,250,894</b>	<b>4%</b>
<b>Expense</b>					
5030301 Consultant Services	29,947	100,000	54,411	94,913	-5%
5030320 Customer Service	279,713	320,000	257,705	481,870	51%
5040101 Fuel	416,456	534,230	448,433	532,126	0%
5049903 Software	55,717	57,022	56,332	73,819	29%
5050203 Communication- Mobile Data Terminal	4,685	4,750	4,825	5,000	5%
5050204 Communication-MERA Radio	18,824	19,765	19,178	20,358	3%
5050206 Communication-Data	7,800	8,033	7,800	8,275	3%
5080101 Purchased Transportation - In Report	3,659,036	4,384,838	3,919,616	4,662,727	6%
5080102 Purchased Transportation - Regional	730,612	835,334	765,761	839,839	1%
5090801 Marketing	22,091	95,061	11,214	97,913	3%
5098001 Misc-Exp Transit User Training	4,770	9,548	4,211	9,835	3%
5098002 Gap Grant	0	50,000	10,500	15,000	-70%
<b>Subtotal</b>	<b>5,229,651</b>	<b>6,418,581</b>	<b>5,559,986</b>	<b>6,841,675</b>	<b>7%</b>
5100100 Salary/Benefit Transfers	302,966	454,283	253,879	309,769	-32%
5100101 Transfer Overhead	64,229	104,687	42,220	99,450	-5%
<b>Total Expense</b>	<b>5,596,846</b>	<b>6,977,551</b>	<b>5,856,085</b>	<b>7,250,894</b>	<b>4%</b>

Notes:

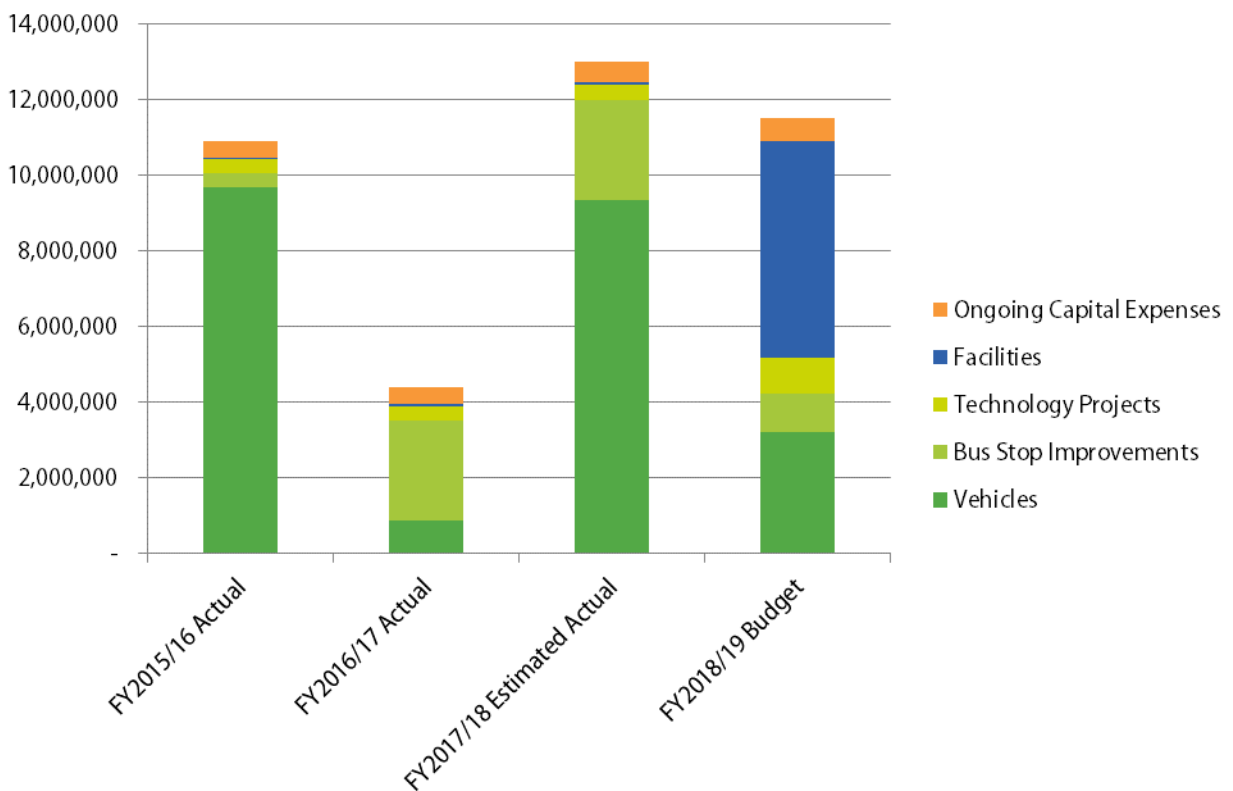
- 1) Low income rider scholarships accounted for as a revenue reduction rather than an expense start in FY2017.

# Capital Budget

Marin Transit’s capital budget (Table 15) of \$14.3 million provides funding for transit vehicles, bus stop and transit hub improvements, transit technology projects, and other capital expenses. Capital expenditures are defined in the District’s fixed asset management policy. A “Fixed Asset” includes equipment, supplies and rolling stock with a unit purchase value of at least \$5,000 and a service life of more than one year. All projects that meet the requirements of the District’s fixed asset policy are capitalized and depreciated over the defined life of the associated asset type. Expenditures not meeting the District’s policy for capitalization will be included as operations expenses on financial statements.

Figure 9 provides capital expenditures and budget by project type to show the significant variation in expenditures by year. In the FY 2018/19 budget 51% of capital project costs are funded by state and federal grants. This is a lower percentage than in prior years due to yellow bus expenditures and expansion vehicles which are not typically eligible for state and federal grants.

**Figure 9: Capital Project Budget by Type**



The following capital projects will be active for FY 2018/19:

## Vehicles

Purchase Two 35ft Electric Vehicles (Replacements) – Marin Transit is purchasing two all-electric BYD 35ft vehicles in partnership with the Transportation Authority of Marin and GGBHTD. These vehicles will replace two 40ft diesel vehicles previously operated by GGBHTD. The Marin Transit Board authorized the purchase of these vehicles in November 2016, and the vehicles are expected to be delivered in June 2018. The vehicles will be built in Lancaster, California, and will be operated and maintained by Golden Gate Transit. Marin Transit and our partners will use this pilot electric bus project to gain experience and expertise related to electric vehicle operations. This will inform any potential expansion of all-electric vehicles to the rest of the fleet.

The vehicles have a range of 145 miles per charge, and will be charged overnight at the GGBHTD's yard to minimize electrical costs. The expenditure of \$1,662,022 is funded 72% with Federal 5307 funds and 22% with a combination of Bay Area Air Quality funds, Measure A, and Measure B.

In FY2018/19, Marin Transit will finish infrastructure improvements and project closeout activities.

Purchase Three Paratransit Vehicles Replacements (PA) – Marin Transit will purchase three 24ft paratransit vehicles. They will replace contractor-owned vehicles that are no longer available for service. These vehicles are expected to be delivered in FY2017/18 and project closeout activities will be completed in FY2018/19.

Purchase One Shuttle (SA) – Marin Transit will purchase one shuttle vehicle for use on the Community Shuttle routes. The purchase expands Marin Transit's fleet by one vehicle and allows a retired active vehicle to be taken out of service. This purchase was authorized by the Marin Transit board on December 18, 2017 and delivery is expected in FY2017/18. Marin Transit staff will complete project closeout activities in FY2018/19.

Purchase One Shuttle Replacement (SB) – Marin Transit will purchase one shuttle vehicle for use on the Community Shuttle routes. The purchase will replace a vehicle that is beyond its useful life.

Purchase Two 35ft XHF Vehicles (XA) – Marin Transit will purchase two 30ft XHFs for use on Supplemental School service and Muir Woods Shuttle. This purchase is an expansion of Marin Transit's fleet, and allows for the retirement of 2 retired active vehicles. The Marin Transit board authorized this purchase on December 18, 2017 and delivery is expected in FY2018/19.

Purchase Four 30ft XHF Rural Replacement Vehicles (XB) – Marin Transit will purchase four 30ft XHFs to replace four 30ft cutaway vehicles to be used on rural stagecoach service. Marin Transit is upgrading this vehicle type as the XHFs have proven to be more reliable and sturdy on the steep grades and challenging roads of West Marin Routes.

Hybrid Mid Life Battery Replacements (HM)- This project will replacement the batteries on the 2007 Hybrid Vehicles operated by GGBHTD. This preventative maintenance will ensure that the vehicles meet their expected useful life and is planned to occur when vehicles reach 185,000 miles. GGBHTD will complete the project under the major vehicle repairs clause in our operations contract. The project is currently 100% locally funded but if state or federal funding is identified it will be added to the project.

## Bus Stop Improvements and Transit Hubs

Bus Stop Improvements(BI) – In FY 2018/19, Marin Transit will be constructing the final round of bus stop improvements funded by a \$41.6 million federal State of Good Repair grant. This project will improve accessibility and passenger amenities at 10 stops. The FY 2018/19 budget increases the total project budget by \$150,000 to include additional stop improvement. Marin Transit applied to TAM for State Transit Assistance grant funding through the Lifeline Program for this increase.

Bus Stop Assessment(BA) –Marin Transit is updating the 2005 bus stop condition assessment to reflect recent improvements, and to better quantify needs and prioritize future stop improvements throughout the county. In FY 2018/19 the consultant will be using the new inventory data to identify future priorities for bus stop improvements. The FY 2018/19 budget increases the total project budget by \$15,000 to allow for additional work and staff time.

Muir Woods Shuttle Infrastructure(BW) – Marin Transit received \$638,000 in Federal Transit in the Parks (Paul S Sarbanes) funding for additional capital improvements related to the Muir Woods Shuttle. Marin Transit has been working with the National Park Service on potential site improvements to the Pohono Street Park and Ride, where many passengers pick up the shuttle, to make the site more visitor-friendly. Plans include signage and wayfinding improvements as well as the purchase of a mobile information vehicle. The vehicle will be parked in the Pohono lot on weekends to provide additional information support for visitors.

San Rafael Transit Center(TR) – In preparation for SMART service extending to Larkspur from the terminal in San Rafael, Marin Transit is working with the City of San Rafael, Golden Gate Bridge Highway and Transportation District, and SMART to further refine and develop an integrated bus and rail operation at the San Rafael Transit Center.

Until a relocated facility is identified, funded, and constructed, efforts are continuing to modify the existing transit center with minimal impact to bus operations, vehicular traffic, pedestrians, and bicyclists. Marin Transit will use \$100,000 of Measure A sales tax funding for staff time and associated cost related to the design and construction of the new facility.

## Administrative and Operations Facilities

Operations and Maintenance Facility (FC &FR) –The District has been evaluating potential opportunities and is seeking cost-effective solutions for purchasing property for contractors to store and maintain vehicles at a consolidated operations facility. Securing a well-located, long-term site for operations of fixed route, paratransit, and yellow bus services is a high priority. A Marin Transit-owned facility will lead to efficiencies in contract management, operations, and maintenance practices, and reduce ongoing operations costs. The facility will be designed to support expansion of alternative fuel vehicles, included hybrid and all-electric buses.

The Design and Engineering work for the project is almost complete and funded with \$174,000 in federal STP funds and Measure A funds.

Marin Transit has \$5.5 million for the purchase of right-of-way comprised of a federal discretionary award of \$4.4 million in Section 5339 funds and a \$1.1 million local match of Measure A sales tax funding.

Yellow Bus Parking Facility(YF)- The District currently has a temporary leased parking lot for vehicles but this lease is not available after June 2018. This project includes local funding for the identification and purchase of land for yellow bus parking.



Office Furniture (OF)- The District is expanding administrative offices at 711 Grand Avenue in San Rafael. This project includes new furniture and office equipment needed for the new space. This project is funded with 100% local funds and will be partially completed in FY 2017/18.

### Technology Projects

On Board Equipment – (OA) – This federally-funded project will pay for fareboxes and associated on-board equipment for the 2016 vehicle replacements. In FY 2018/19, Marin Transit will expend the remaining funds for on board equipment associated with the vehicle replacements.

Mobility Management Technology Backbone (TB) – This grant-funded technology project adds to Marin Transit’s technological capabilities for ride-matching, mobility management, and electronic fare payments. The project uses Federal Job Access Reverse Commute (JARC) grant funds to upgrade the website and purchase software.

AVL Replacement – This federally-funded project will replace on board AVL equipment. The \$180,000 project is expected to be funded 82% with FTA 5307 funding.

Clipper Independence – This project will simplify Marin Transit’s regional fare payment implementation from a dual tag zone based system with GGBHTD’s system to an independent system with a single tag flat fare. The goal of the project is to increase Clipper usage which speeds passenger boarding times and reduces cash handling.

### Other Measure A Capital Expenses

Other capital and infrastructure expenses include: Marin Emergency Radio (MERA) radio capital bond payments, the capital contribution to GGBHTD as required under contract, major vehicle repairs, and bus stop maintenance expenses. In FY 2018/19, the major vehicle repairs include mid-life battery replacements and engine rebuilds on seven 2007 hybrid vehicles. Expenditures that do not meet the District’s policy for capitalization will be included as operations expenses on financial statements.

Table 14: Capital Budget by Project

		Total Project	Prior Years	FY2018/19	Future Years	Measure A / Local Funding	State Funding	Federal Funding
EV	Purchase 2 Electric Vehicles (Replacements)	1,662,022	1,498,389	163,633	-	20%	8%	72%
PA	Purchase Three Paratransit Vehicles (Replacements)	267,000	262,000	5,000	-	18%	-	82%
SA	Purchase One Shuttle (Expansion)	130,000	125,000	5,000	-	0%	100%	0%
SB	Purchase 1- Replacement Shuttle	125,000	-	125,000	-	0%	100%	0%
XA	Purchase 2 New XHF Vehicles	925,000	-	920,000	-	100%	0%	0%
XB	Purchase 4 Replacement Rural Vehicles	1,600,000	-	1,600,000	-	64%	5%	32%
HM	Hybrid Mid-Life Battery Replacements	-	-	400,000	-	100%	0%	0%
<b>Subtotal Vehicles</b>		<b>4,709,022</b>	<b>1,885,389</b>	<b>3,218,633</b>	<b>-</b>			
BI	Bus Stop Improvements SGR (BI)	2,201,130	1,509,334	691,796.00	-	7%	18%	73%
BS	Bus Stop Assessment Update	115,000	100,018	14,982	-	100%	0%	0%
BW	Muir Woods Infrastructure Improvements	638,000	420,271	217,729	-	0%	0%	100%
TR	San Rafael Transit Center	100,000	-	100,000	-	100%	0%	0%
<b>Subtotal Bus Stop Improvements</b>		<b>3,054,130</b>	<b>2,029,623</b>	<b>1,024,507</b>	<b>-</b>			
FC	Facility Preliminary Design & Env	174,418	156,020	18,398	-	30%	0%	70%
FR	Facility ROW Purchase	5,500,000	-	5,500,000	-	20%	0%	80%
OF	Office Furniture	45,000	-	45,000	-	100%	0%	0%
YF	Yellow Bus Parking Facility	3,000,000	-	3,000,000	-	100%	0%	0%
<b>Subtotal Facility</b>		<b>8,719,418</b>	<b>156,020</b>	<b>8,563,398</b>	<b>-</b>			
OA	On Board Equipment - 2016	210,000	144,045	65,955	-	18%	0%	82%
TB	Mobility Management Technology Backbone	375,000	219,681	155,319	-	20%	0%	80%
ME	MERA	29,000	-	29,000	-	100%	0%	0%
RD	Radio Communication Upgrade	168,000	46,305	121,695	46,305	18%	0%	170%
AY	AVL Replacement Equipment	180,000	-	180,000	-	18%	0%	82%
CR	Clipper	400,000	-	300,000	-	100%	0%	0%
<b>Subtotal Technology Projects</b>		<b>782,000</b>	<b>410,031</b>	<b>851,969</b>	<b>46,305</b>			
GG	Golden Gate Capital Costs (GG)	NA	-	18,000	NA	100%	0%	0%
BM	Bus Stop Maintenance (BM)	NA	-	100,000	NA	100%	0%	0%
VR	Major Vehicle Repairs (VR)	NA	-	200,000	NA	100%	0%	0%
IF	Infrastructure Support (IF)	NA	-	356,794	NA	100%	0%	0%
<b>Subtotal Ongoing Capital Expenses</b>		<b>-</b>	<b>-</b>	<b>674,794</b>	<b>-</b>			
<b>Total Expenditures</b>		<b>17,264,570</b>	<b>4,481,063</b>	<b>14,333,301</b>	<b>46,305</b>			



# Marin Transit Draft Budget

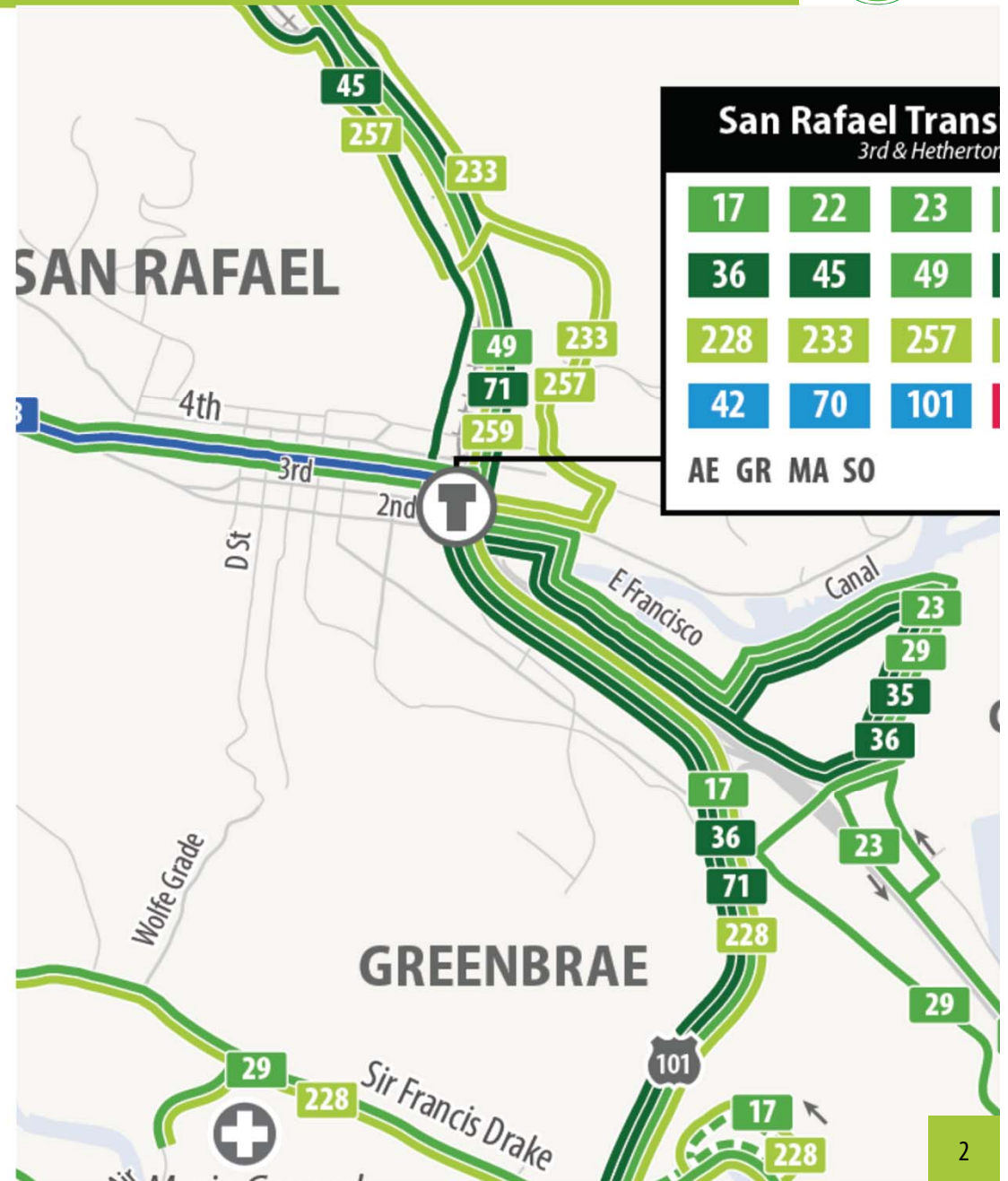
July 1, 2018- June 30, 2019

Presented May 7, 2018



# Budget Presentation Overview

- Budget Overview
- Operations Summary
  - Revenue
  - Expenses
- Operations Budget Detail
  - Administration
  - Local Fixed Route
  - Yellow
  - Rural
  - Marin Access
- Capital Budget
- Questions and Comments





# Budget Overview - Process

## Development Schedule

February 28, 2018	Budget kick-off meeting
March-April 2018	Program level budget meetings
May 7, 2018	Draft Budget presented to Board
June 4, 2018	Adoption of Final Budget



**Goal:** To provide sufficient and sustainable funding for local transit service needs using the following guidelines

- Maintain adopted reserve level;
- Preserve a balance of revenues and expenditures over a 10-year horizon;
- Provide for SRTP adopted service levels; and
- Allow for innovative growth.



# Budget Overview - Themes



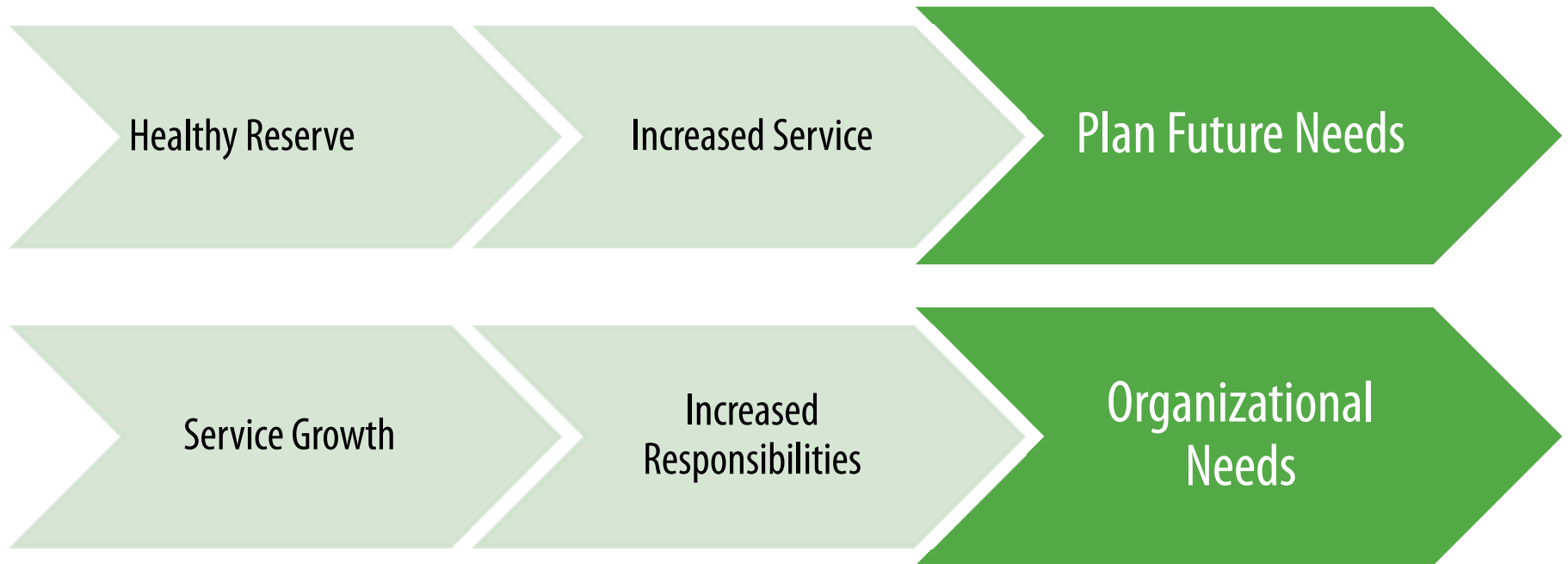


# Budget Overview - Themes





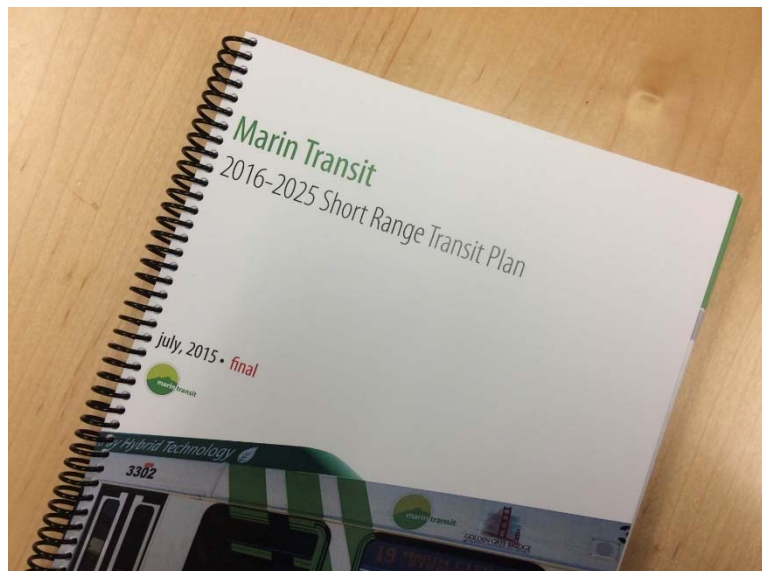
# Budget Overview - Themes







# Budget Overview - Plan



MARIN TRANSIT  
2018-2027 Short Range  
Transit Plan  
FINAL | December 2017

# SRTP - Financial Risks and Challenges

## ? New Service Operations Contract Procurements (2018)

50% of Marin Transit service hours

## ? Local Sales Tax (Measure A) Funding Ends

40% of Marin Transit revenue

## ? Lack of Vehicle Parking and Maintenance Facilities



## ? Tight Labor Market



# SRTP - Financial Risks and Challenges



New Service Operations Contract

Awarded



Local Sales Tax (Measure A) Funding Ends



Lack of Vehicle Parking and Maintenance Facilities

Tight Labor Market



Approved amendments to increase rates and wages



# SRTP - Financial Risks and Challenges



New Service Operations Contract  
awarded



Local Sales Tax (Measure A) Funding Ends  
**Reauthorization in progress**



Lack of Vehicle Parking and Maintenance Facilities  
**Siting in progress**

Tight Labor Market



approved amendments that increased rates and  
wages



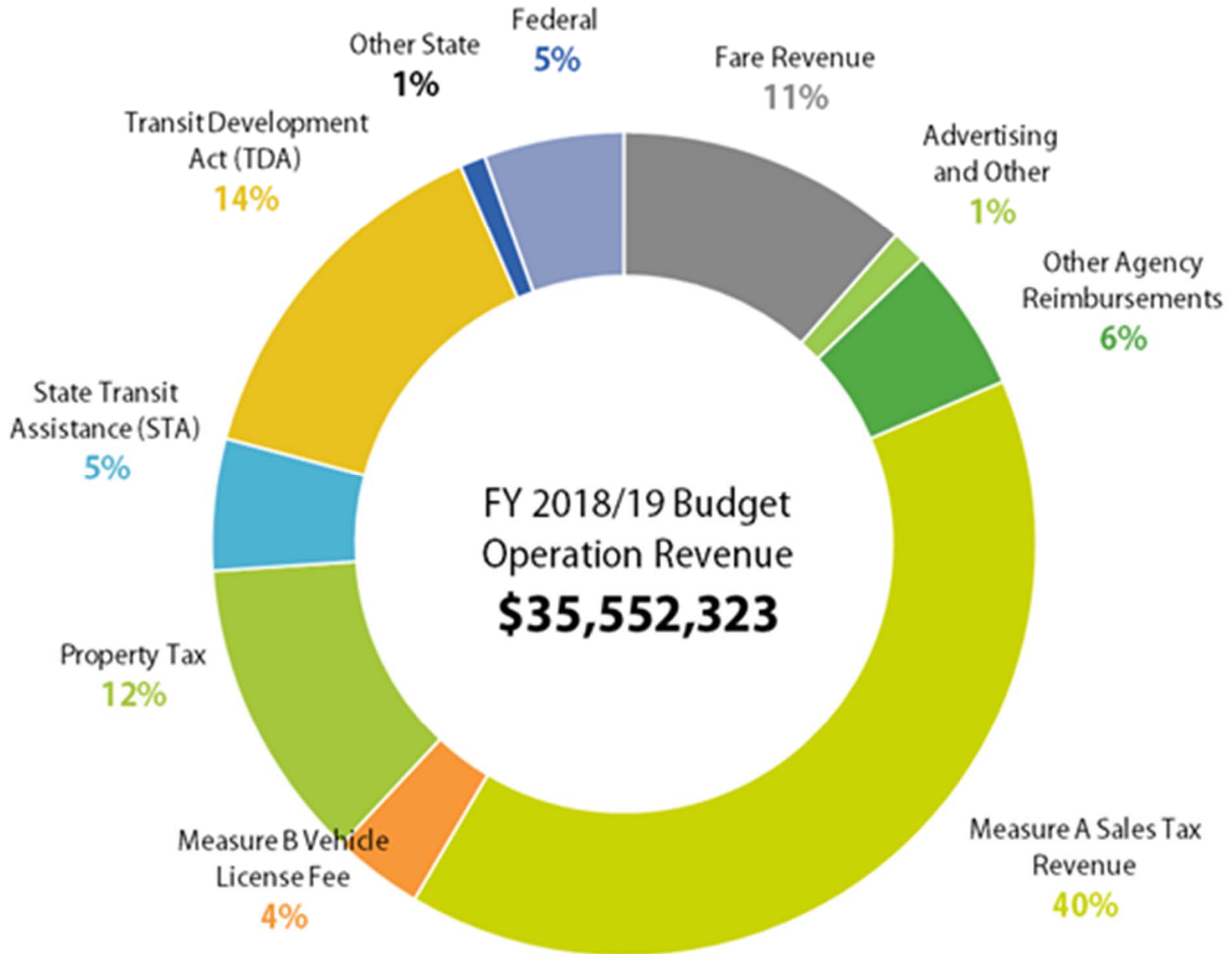


# Budget Summary

	FY 2016/17 Actual	FY 2017/18 Budget Revised	FY 2017/18 Estimated Actual	FY 2018/19 Draft Budget
<b>Revenue</b>				
Capital	4,401,584	20,522,639	12,982,041	11,333,301
Operations	30,469,431	32,874,780	32,502,325	35,552,323
<b>Total Revenue</b>	<b>\$34,871,015</b>	<b>\$53,397,419</b>	<b>\$45,484,366</b>	<b>\$46,885,624</b>
<b>Expenditures</b>				
Capital	4,401,584	20,554,173	12,982,041	14,333,301
Operations	26,764,206	29,952,222	28,511,359	32,464,675
<b>Total Expenditures</b>	<b>\$31,165,790</b>	<b>\$50,506,395</b>	<b>\$41,493,400</b>	<b>\$46,797,976</b>
<b>Net Change in Fund Balance</b>	<b>\$3,705,225</b>	<b>\$2,891,024</b>	<b>\$3,990,966</b>	<b>\$87,648</b>
Emergency Reserve	4,460,701	4,992,037	4,751,893	5,410,779
Contingency Reserve	8,921,402	9,984,074	9,503,786	10,821,558
Capital Reserve	6,020,377	7,349,017	9,137,767	7,280,388
<b>Fund Balance (total reserve)</b>	<b>\$19,402,487</b>	<b>\$22,325,135</b>	<b>\$23,425,077</b>	<b>\$23,512,725</b>

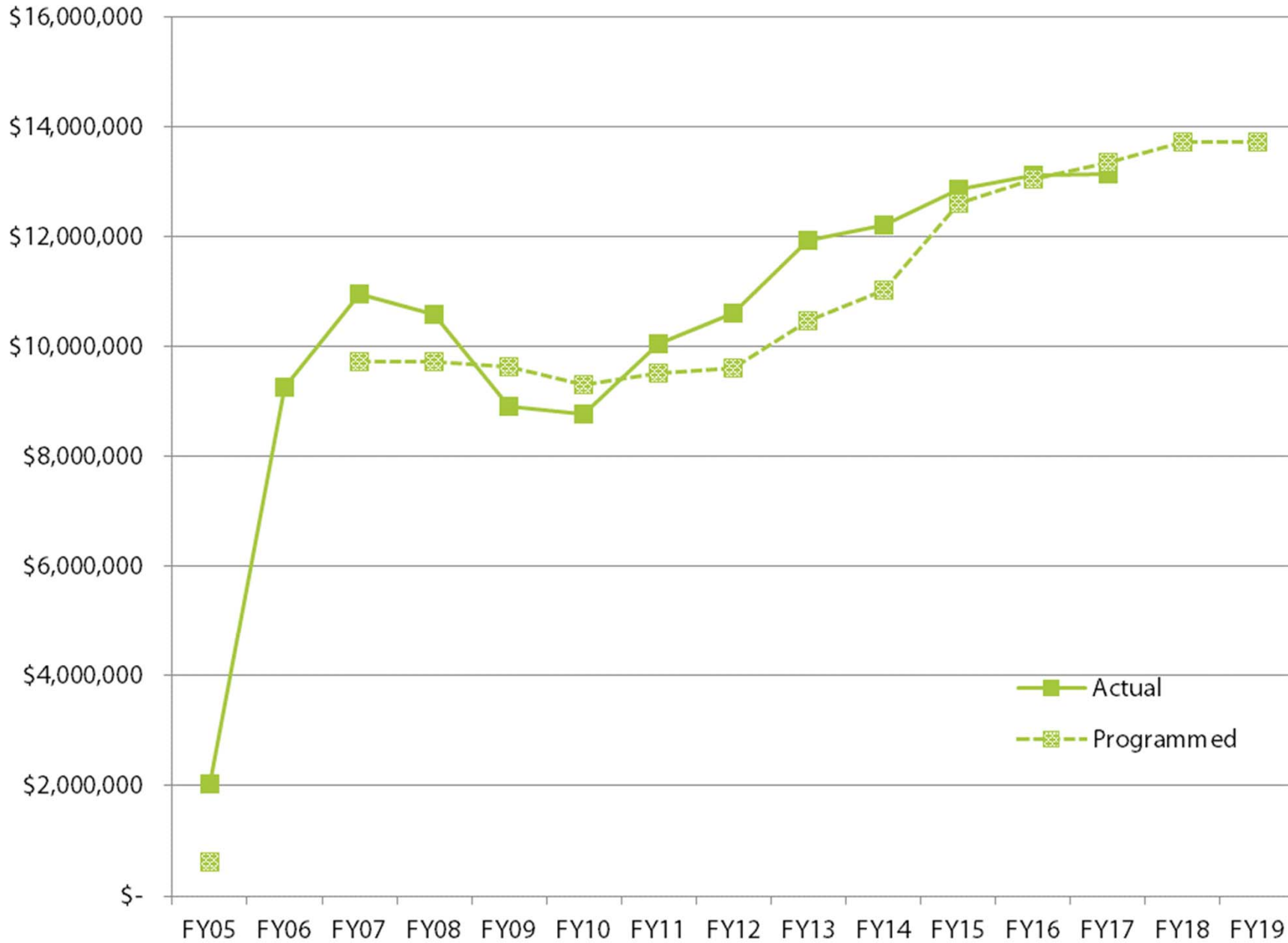


# Operations Revenue



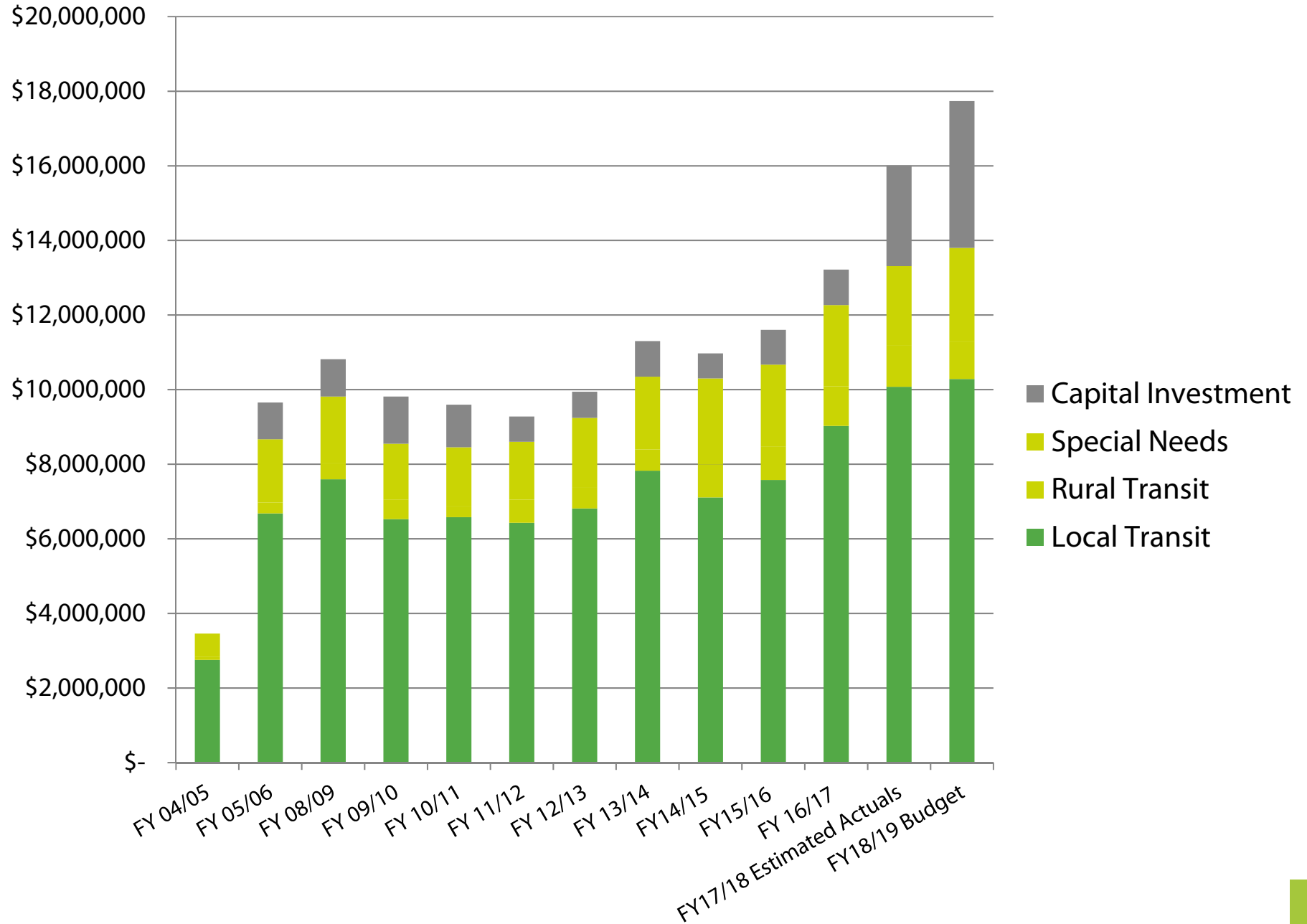


# Measure A – Annual Allocations





# Measure A – Annual Transit Expenditures







## Operations Revenue - Variances Greater than \$100,000

Revenue Category	Variance from Prior Year Budget		Notes
	Amount (\$)	%	
Fare Revenue	(\$191,308)	-5%	Due to reducing the Muir Woods passenger fare to \$3 per round trip (balance paid by NPS) and alignment with estimated actuals.
Measure A	\$573,451	4%	Budgeted expenditure of funds is higher
Measure B	\$205,000	24%	Increased allocations to expand programs including implementing same day on-demand accessible service
Property Tax	\$255,852	6%	Continued strong growth of Marin County property tax
State Transit Assistance	\$566,721	44%	Prior year carryforward of funds plus an increased allocation from SB1.
Transportation Development Act	\$655,844	14%	Increase based on County Auditor's projection and MCTD's increased share of the County revenue

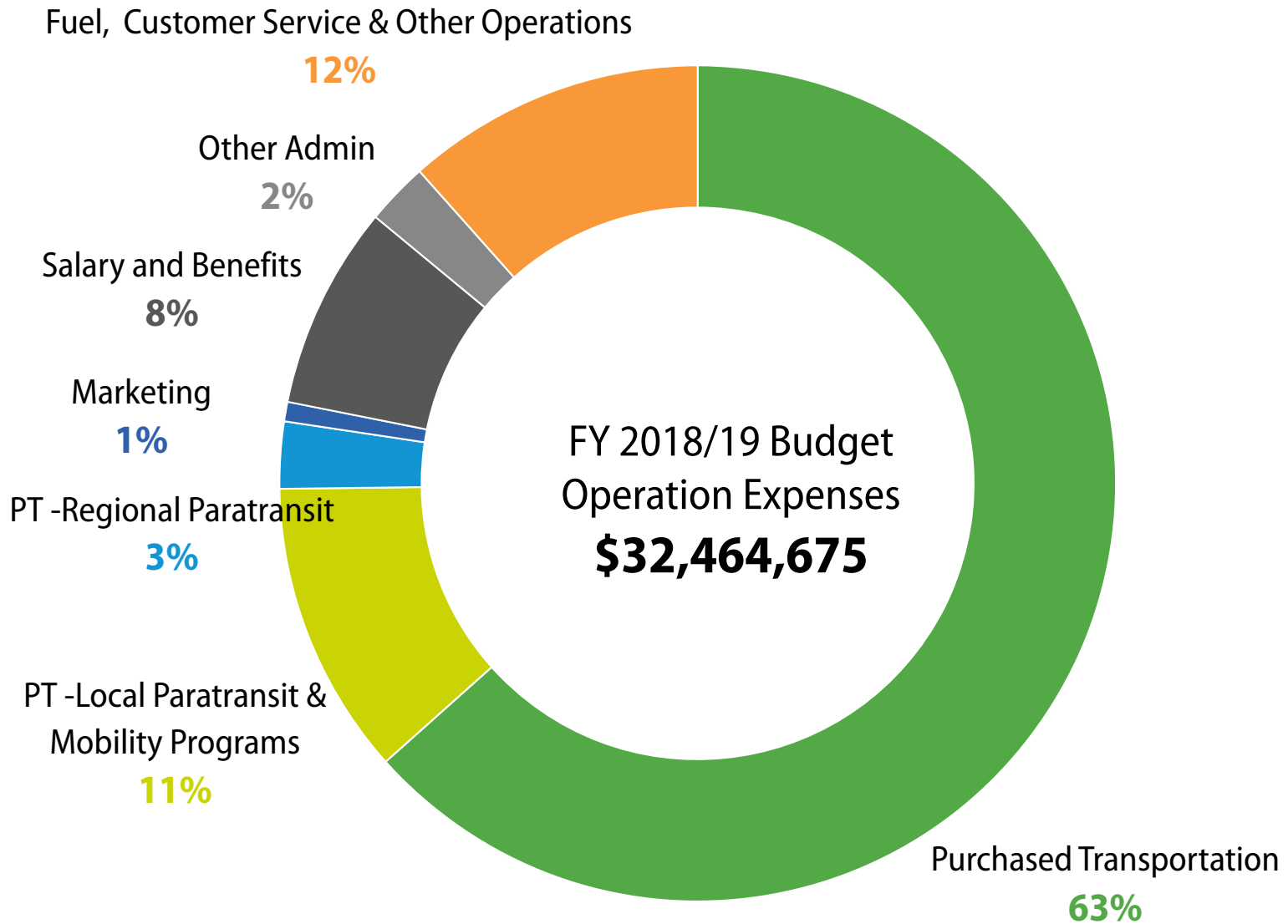


## Operations Revenue - Variances Greater than \$100,000

Revenue Category	Variance from Prior Year Budget		Notes
	Amount (\$)	%	
<b>Other State</b>	\$206,410	140%	The third year of Cap and Trade funds in Low Carbon Transit Operations Program (LCTOP) increased by a factor of two based on higher proceeds from state bond sales
<b>National Park Service</b>	\$508,460	85%	Under new grant agreement, NPS will fund expanded service and a reduction in passenger fares. New contract rates and rising fuel cost have also increased the NPS financial obligation



# Operations Expenses by Type

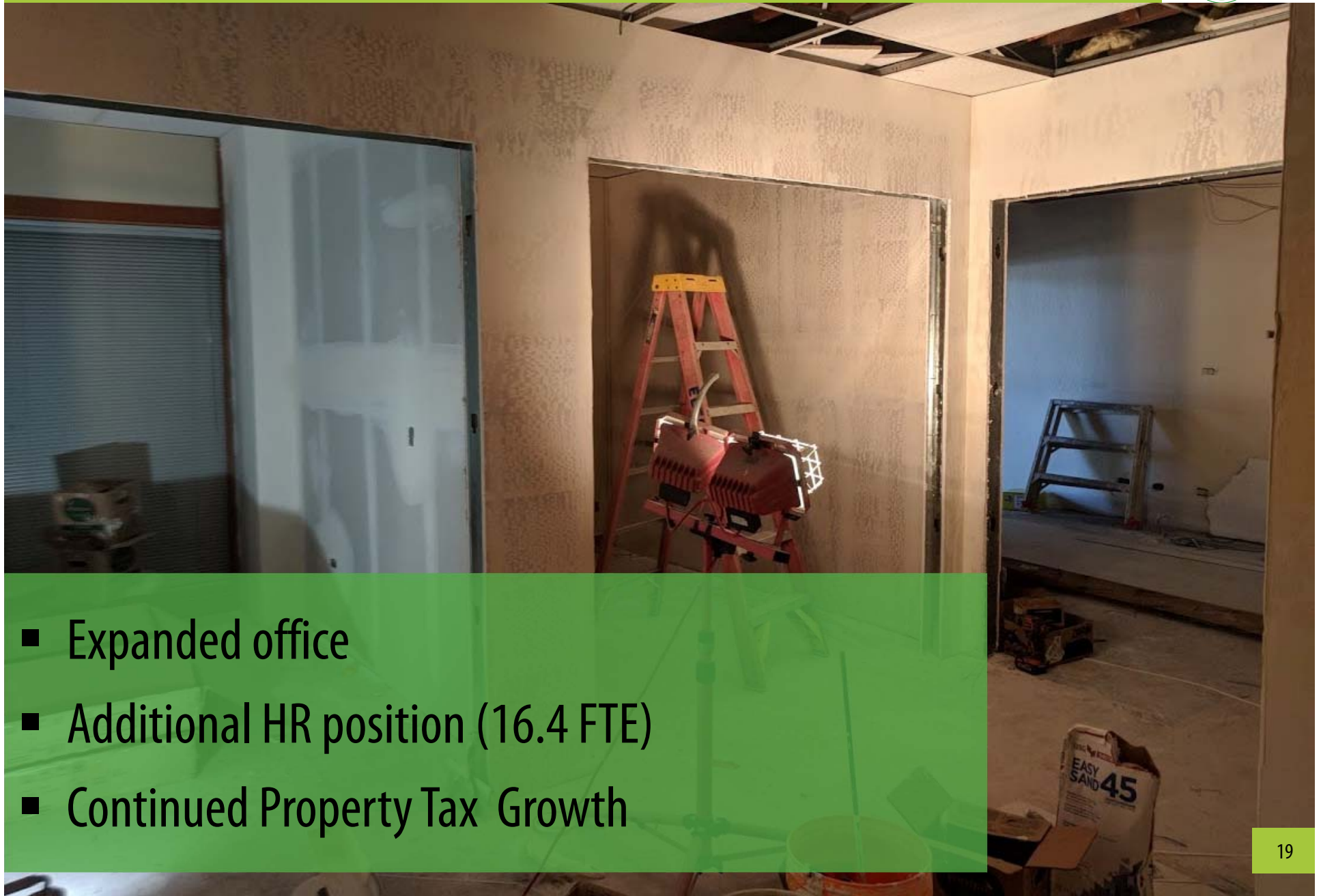




## Operations Expenses - Variances Greater Than \$100,000

Expense Category	FY 2018/19 Budget	Variance from Prior Year Budget		Notes
		Amount (\$)	%	
Salaries and Benefits	\$2,556,016	\$144,470	6%	Increase to add additional human resources position
Customer Service	\$14,112,363	\$178,879	30%	Budget increase for potential increases in travel navigator costs under new contract
Contract Service Operation	\$25,119,706	\$1,813,109	8%	Increases in contract rates under new contracts effective July 1, 2018, particularly on Stagecoach, Muir Woods and Supplemental School service
Fuel	\$2,431,546	\$305,328	14%	Fuel prices are expected to increase based on trend analysis and price of crude oil

# Admin Cost Center - Highlights



- Expanded office
- Additional HR position (16.4 FTE)
- Continued Property Tax Growth



# Local Cost Center - Highlights

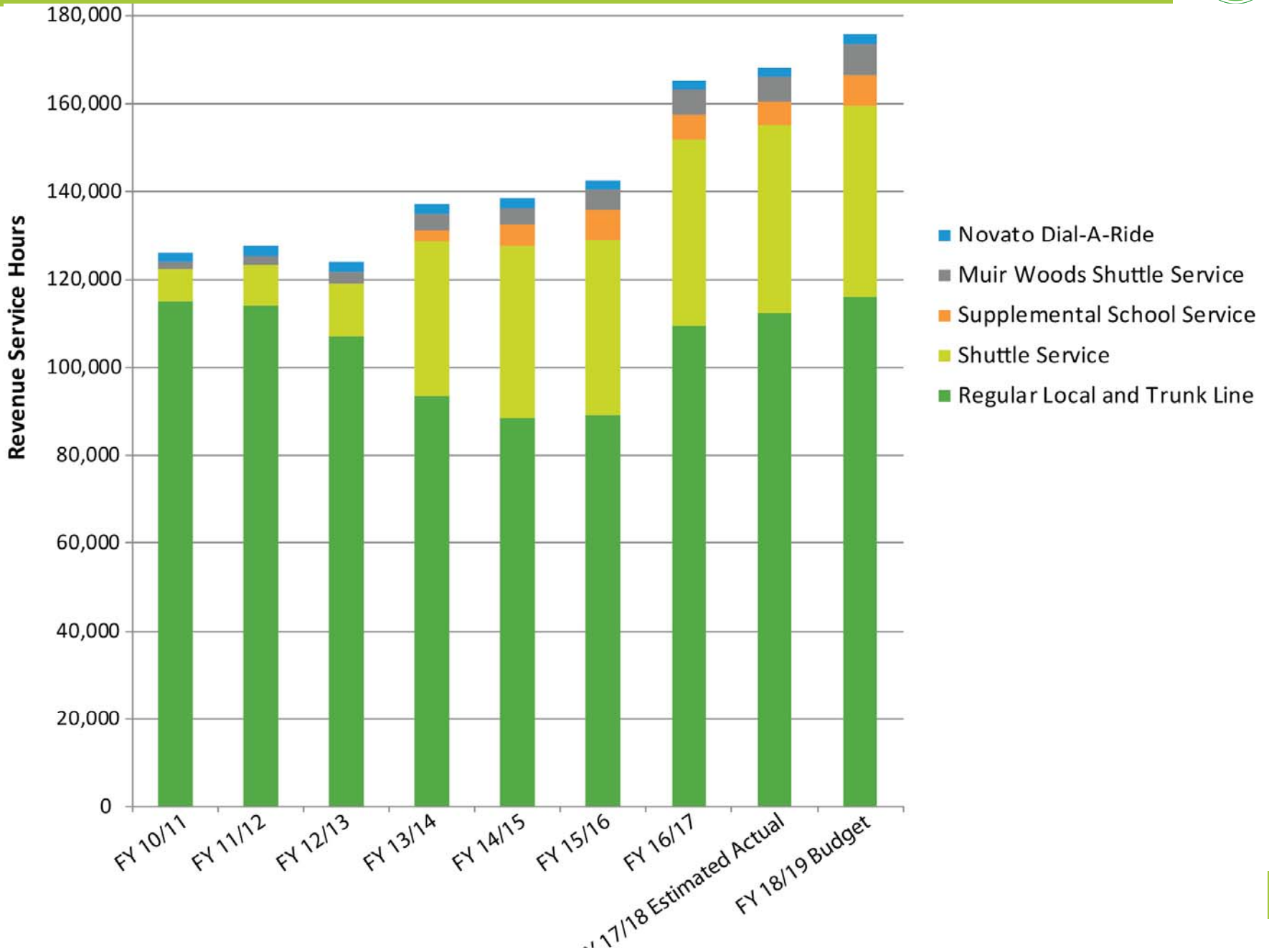
**\$21,961,627 in  
revenues and expenses**  
8% increase from FY2017/18 budget



- Continue increased service hours for 2<sup>nd</sup> year
- Adjusting and reallocate resources
- Change in NPS contract for Muir Woods Service



# Local Cost Center - Revenue Hour Trends





# Rural Cost Center - Highlights

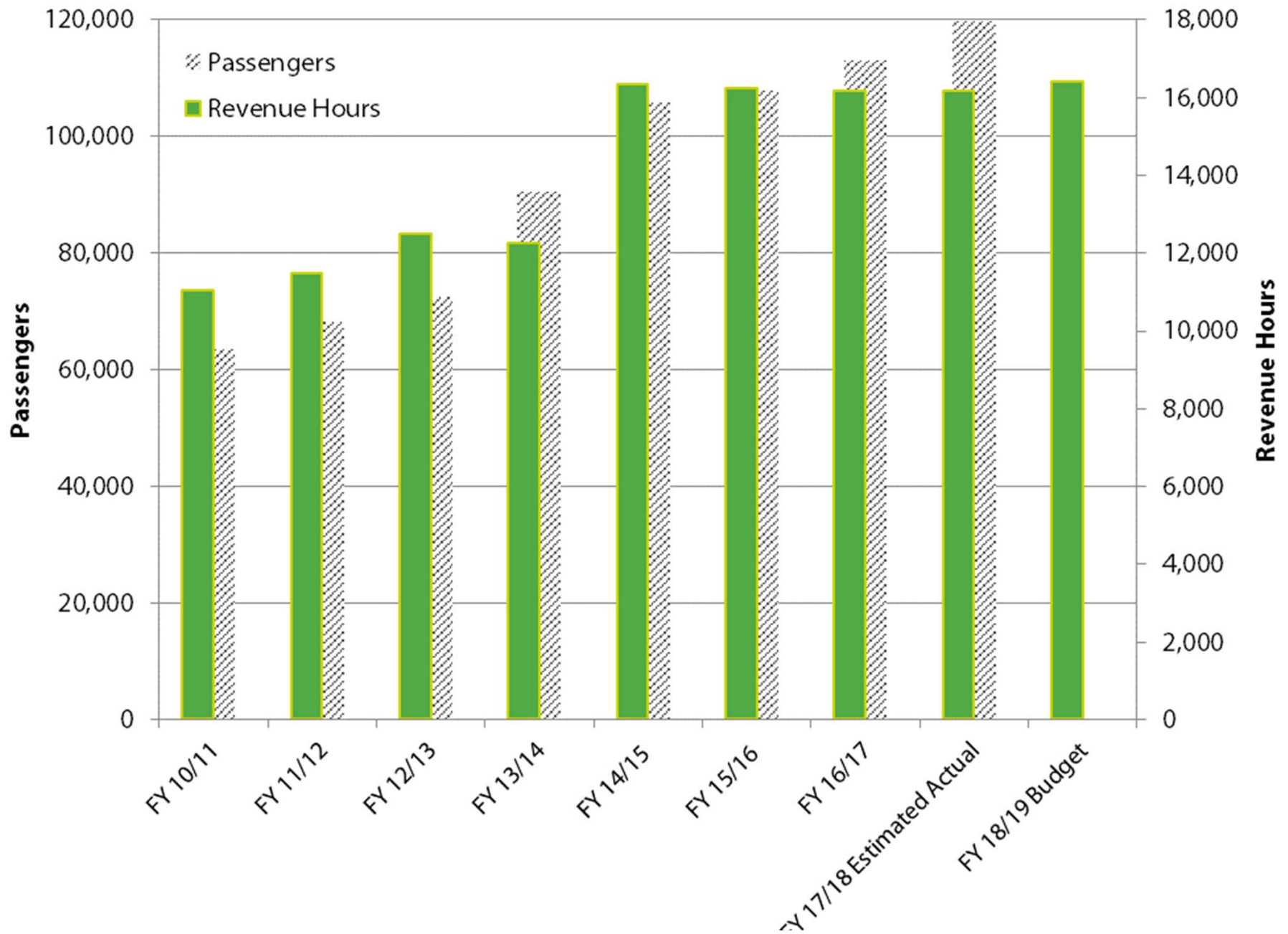
**\$1,851,517 in  
revenues and expenses**  
25% increase from FY2017/18 budget

- 5<sup>th</sup> year of expanded service – continued ridership growth
- End of Measure A reserves
- Significant increase of contract costs
- Maintaining service level with Property Tax funds





# Rural Cost Center - Revenue Hour Trend





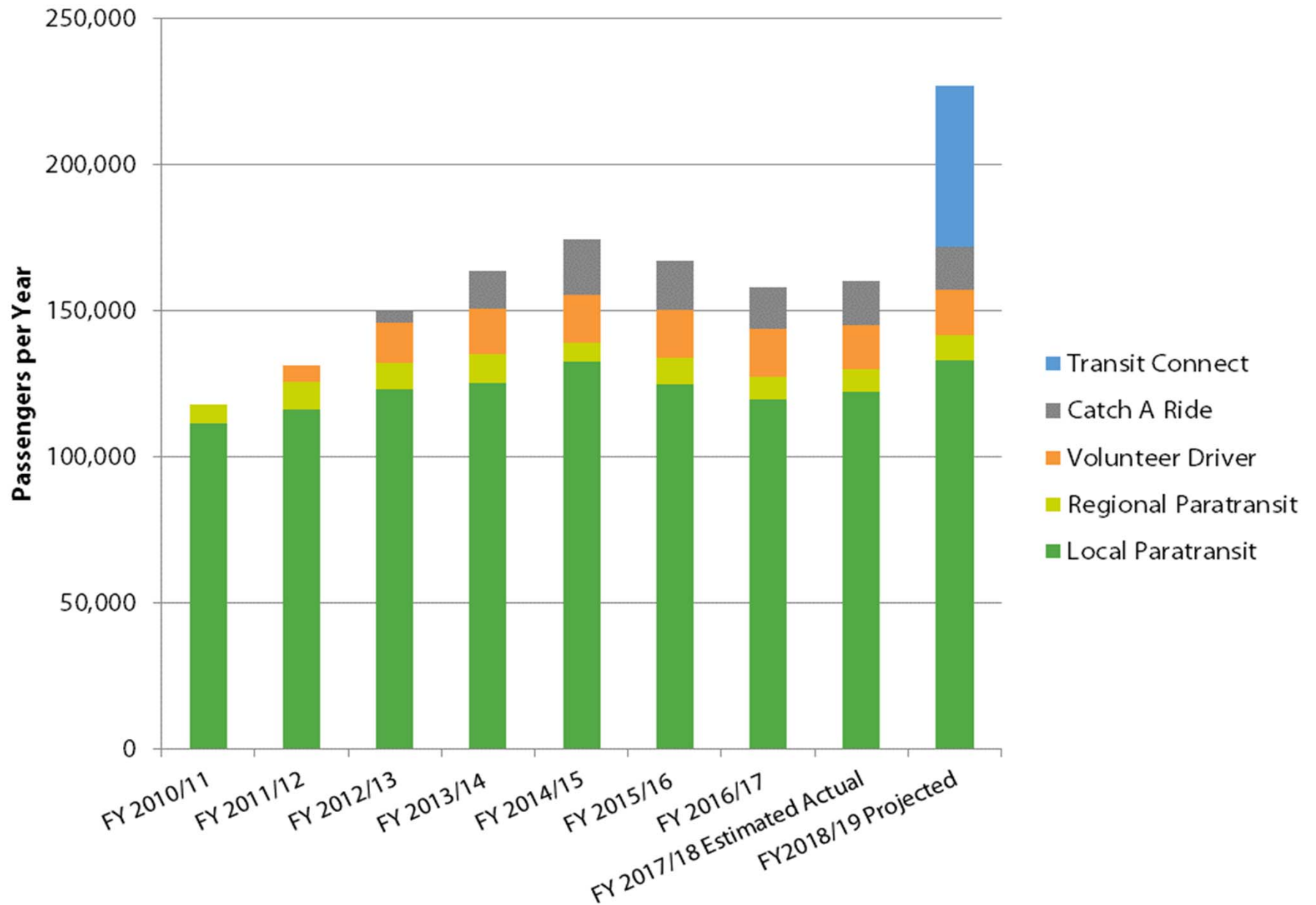
# Marin Access - Highlights

**\$7,250,894 in  
revenues and expenses**  
4% increase from FY2017/18 budget

- Paratransit service demand rebounding (8-9% per year)
- New Transit Connect Pilot Project
- Maintaining Catch A Ride & volunteer driver programs
- Customer service, eligibility, and travel navigator costs in transition



# Marin Access – Ridership Trend



# Yellow Bus- Highlights

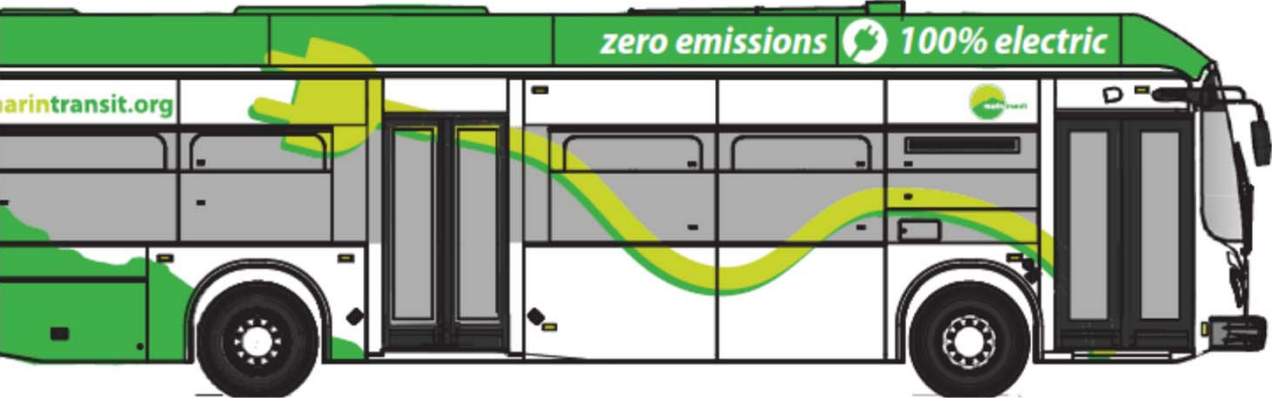
**\$884,650 in revenues and expenses**

4% increase from FY2017/18 budget

- Continue 6 direct routes and 9 supported routes
- A Marin Transit Operations Facility could lower contract costs
- Work on future of yellow bus in Marin County – equity of resources



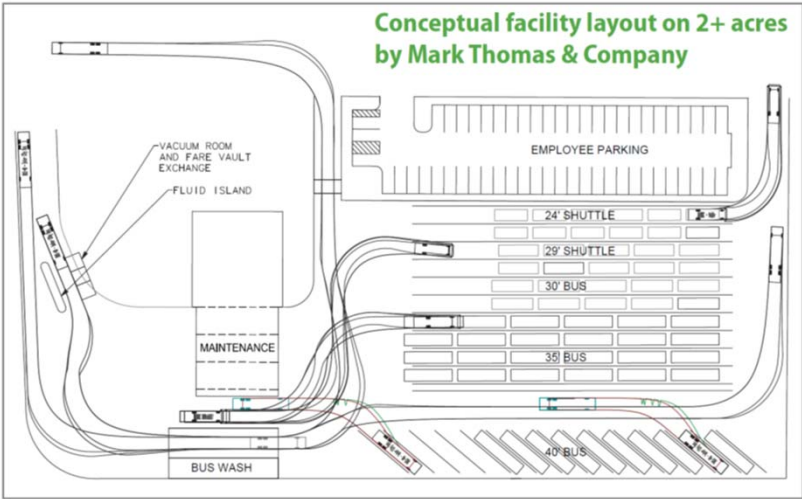
# Capital Projects – FY 2018/19



Delivery of Two All-Electric Buses



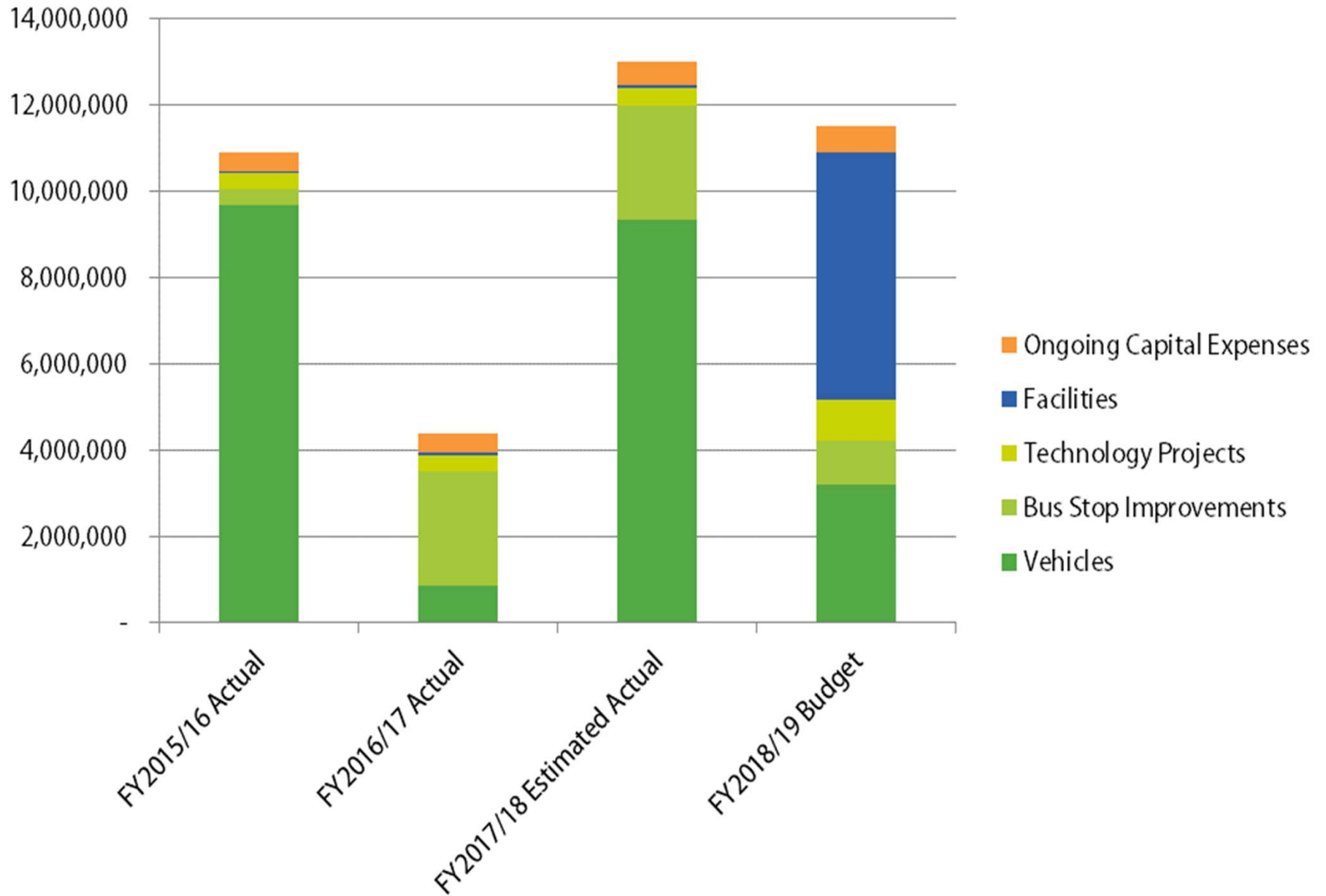
Improvements to 10 Bus Stops



Purchase of Right of Way for Maintenance Facility



# Capital Budget by Type





# Questions

## Thank You

Lauren Gradia, PE

Director of Finance and Capital Programs, Marin Transit

[lgradia@marintransit.org](mailto:lgradia@marintransit.org)







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May 7, 2018

Honorable Board of Directors  
Marin County Transit District  
3501 Civic Center Drive  
San Rafael, CA 94903

**SUBJECT: CalPERS Credit Replacement Plan**

**board of directors**

Dear Board Members:

stephanie moulton-peters  
president  
city of mill valley

**RECOMMENDATION:** Authorize staff to pursue a California Public Employees Retirement Service (CalPERS) credit replacement plan, and authorize the Board President to execute an agreement with Pillsbury Winthrop Shaw Pittman LLP for legal services in support of the CalPERS credit replacement plan for an amount not to exceed \$50,000.

damon connolly  
vice president  
supervisor district 1

**SUMMARY:** Marin County Transit District has evolved into an independent agency over the past twelve years. Initially, the District was staffed in the County's Public Works Department and the County effectively managed all the administrative functions of the District. Over time, Marin Transit has used different employment models and various means of performing the administrative functions of the agency.

dennis rodoni  
2nd vice president  
supervisor district 4

From May 2010 through October 2013, Marin Transit contracted with Local Government Services (LGS) for six professional and administrative employees to serve the agency. Under this contract, LGS paid the salary and benefits and performed the Human Resources function for these employees. The employees were directly paid by LGS who also provided CalPERS retirement benefits and other traditional employee benefits.

judy arnold  
director  
supervisor district 5

kate colin  
director  
city of san rafael

In October 2013, the District decided to "in-source" these personnel and administrative activities. Marin Transit elected to not become a member agency of CalPERS and instead established a defined contribution retirement program for employees. The defined contribution retirement program has significantly reduced costs and potential future financial liability for the agency.

kathrin sears  
director  
supervisor district 3

katie rice  
director  
supervisor district 2

In May 2017, CalPERS issued an audit of LGS finding that the LGS employees were "common law" employees of the LGS

client agencies including Marin Transit. CalPERS notified Marin Transit and the six employees that their service credits earned while under LGS employment would be reversed.

With assistance from Matsumoto Consulting and County Counsel, staff has been assessing options to preserve the affected employees' benefits. CalPERS has agreed to not reverse the employees' service credits while Marin Transit makes good faith efforts to pursue an appropriate correction to the service credits in question. Of the options under consideration, the establishment of a CalPERS credit replacement plan appears to be the most promising. It will provide a defined benefit pension plan with essentially the identical retirement benefit that the impacted employees would have received from LGS.

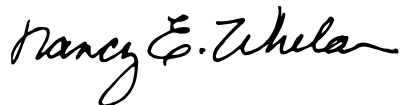
Staff proposes to develop the required documents for a CalPERS credit replacement plan and further analyze the fiscal impacts of implementing such a plan. A key aspect of the plan development requires specialized legal counsel to assist in obtaining confirmation that the proposed plan is an IRS "qualified pension plan".

Pillsbury LLP provides legal services in a broad range of practice areas including pension benefits. Staff and our County Counsel recommend engaging a team from Pillsbury to assist us with the development of a CalPERS credit replacement plan and specifically with getting a determination that the plan meets the Internal Revenue Service criteria for a qualified pension plan.

**FISCAL IMPACT:** The legal services contract cost of \$50,000 is within the FY 2017/18 budget. It is likely that these services will extend into next fiscal year and that the not to exceed amount will not be exhausted until FY 2018/19. Funding is included in the Draft FY 2018/19 budget for these services to continue.

The full fiscal impact of the establishment of a CalPERS credit replacement plan is not yet known. Staff will return to the Board with a comprehensive financial analysis of the plan when the information is complete, prior to a Board approval of the plan.

Respectfully submitted,



Nancy Whelan  
General Manager