

SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
BOARD OF DIRECTORS MEETING – NOTICE AND AGENDA  
10:00 A.M. ON FRIDAY, JANUARY 20, 2023

The Board of Directors of the San Joaquin Regional Transit District (RTD) will hold a regular meeting at 10:00 A.M. on Friday, January 20, 2023, in the Boardroom of RTD's Downtown Transit Center, 421 East Weber Avenue, Stockton, California. Please visit <https://sanjoaquinrtd.com/board-of-directors/board-meeting-agendas-and-minutes/> for an electronic copy of this document.

ACCESSIBLE PUBLIC MEETINGS: RTD is committed to ensuring that all meetings are accessible regardless of an individual's ability or access method. RTD will make all reasonable accommodations for persons with disabilities to participate in this meeting. Upon request to the Chief Executive Office, RTD will provide agenda materials in appropriate alternative formats or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number, and a brief description of the requested materials, preferred alternative format, auxiliary aid, or service, at least three workdays before the meeting. Requests should be sent to RTD by mail at 421 East Weber Avenue, Stockton, CA 95202, by phone at (209) 467-6613, by fax at (209) 948-8516, or by email to [BoardSupport@sjRTD.com](mailto:BoardSupport@sjRTD.com).

*For language assistance, interpreter services, please contact (209) 943-1111. Para información en Español, por favor llame al (209) 943-1111.*

1. CALL MEETING TO ORDER
2. MOMENT OF SILENCE/REFLECTION
3. SAFETY ANNOUNCEMENT
4. PLEDGE OF ALLEGIANCE TO THE FLAG
5. ROLL CALL
6. PUBLIC COMMENT

All public comments shall be limited to no more than THREE MINUTES. In addition, applause, loud noises, or any other outbursts or disruptions from the audience are not allowed during or after public comment. At the presiding officer's discretion, those who violate this protocol may be removed from the meeting.

7. ELECTION OF OFFICERS
8. SPECIAL PRESENTATIONS
  - A. RECOGNITION OF EMPLOYEES YEARS OF SAFE SERVICE  
Special recognition of employees for years of safe service.
  - B. E-BIKE SHARE PILOT PROGRAM UPDATE  
Mobility Manager Max Calder will provide an oral update.
9. REPORTS
  - A. CHIEF EXECUTIVE OFFICER UPDATE  
CEO Alex Clifford will provide an oral update.
  - B. MARKETING UPDATE  
Supervisor of Marketing and Customer Engagement Maximilian Cao will provide event updates.
  - C. FINANCIAL UPDATE  
December financial reports provided to the Board.
10. INFORMATION ITEMS  
Reports are provided for information only. Staff will be available to answer any questions.
  - A. QUARTERLY UPDATE OF SOLICITATIONS  
Report of current and anticipated solicitations.
  - B. QUARTERLY UPDATE OF CONTRACTS AWARDED  
Report of contracts awarded October 1, 2022, through December 31, 2022.
  - C. QUARTERLY UPDATE OF GRANTS AWARDED  
Report of current and pending grants as of December 31, 2022.
  - D. FEDERAL LEGISLATIVE UPDATE  
Report of Legislative Updates prepared by Capital Edge Advocacy, Inc.
  - E. STATE LEGISLATIVE UPDATE  
Report of Legislative Updates prepared by Shaw Yoder Antwih Schmelzer & Lange.

11. CONSENT CALENDAR

- A. RESOLUTION: APPROVING THE MINUTES OF THE DECEMBER 12, 2022, REGULAR BOARD OF DIRECTORS MEETING  
Board approval of minutes.
- B. RESOLUTION: APPROVING THE FY2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND FY2022 SINGLE AUDIT REPORT  
Board approval of FY2022 ACFR and FY2022 Single Audit Report.
- C. RESOLUTION: APPROVING THE RETIREMENT PLAN AMENDMENT PROVIDING FOR ALTERNATE RETIREMENT BOARD MEMBERS  
Board approval for alternate retirement board members.
- D. RESOLUTION: AUTHORIZING EXECUTION OF A THIRD AMENDMENT TO THE CONTRACT WITH FIRST ALARM SECURITY AND PATROL, INC. FOR SECURITY GUARD SERVICES WITH AN INCREASE OF \$250,000, FOR ADDITIONAL SECURITY GUARD SERVICES FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$2,385,031 THROUGH APRIL 2023  
Board authorization of third contract amendment with First Alarm Security and Patrol, Inc.

12. ACTION ITEMS

- A. RESOLUTION: APPROVING SAN JOAQUIN REGIONAL TRANSIT DISTRICT'S REVISED MAJOR SERVICE CHANGE, DISPARATE IMPACT, AND DISPROPORTIONATE BURDEN POLICIES  
Board approval of revised Title VI Policies.
- B. RESOLUTION: APPROVING THE CEO (OR THEIR DESIGNEE) AND GENERAL COUNSEL TO ALLOW, COMPROMISE, AND/OR SETTLE ANY WORKERS' COMPENSATION CLAIM OR CASE UP TO \$100,000  
Board approval to increase the Workers' Compensation settlement authorization to \$100,000.
- C. RESOLUTION: APPROVING THE CEO (OR THEIR DESIGNEE) AND GENERAL COUNSEL TO COMPROMISE AND/OR SETTLE POTENTIAL TORT LIABILITY, POTENTIAL CLAIMS, CLAIMS AND/OR LEGAL ACTIONS UP TO \$100,000  
Board approval to increase the tort liability settlement authorization to \$100,000.

13. CLOSED SESSION  
Public Employee Evaluation pursuant to Government Code section 54957(b)(1)  
Agency Designated Representative: CEO  
Position Title: General Counsel

14. QUESTIONS AND COMMENTS FROM DIRECTORS AND STAFF

15. ADJOURNMENT

**NOTE: THE NEXT REGULARLY SCHEDULED BOARD MEETING WILL BE  
ON FRIDAY, FEBRUARY 17, 2023, AT 10:00 A.M.**

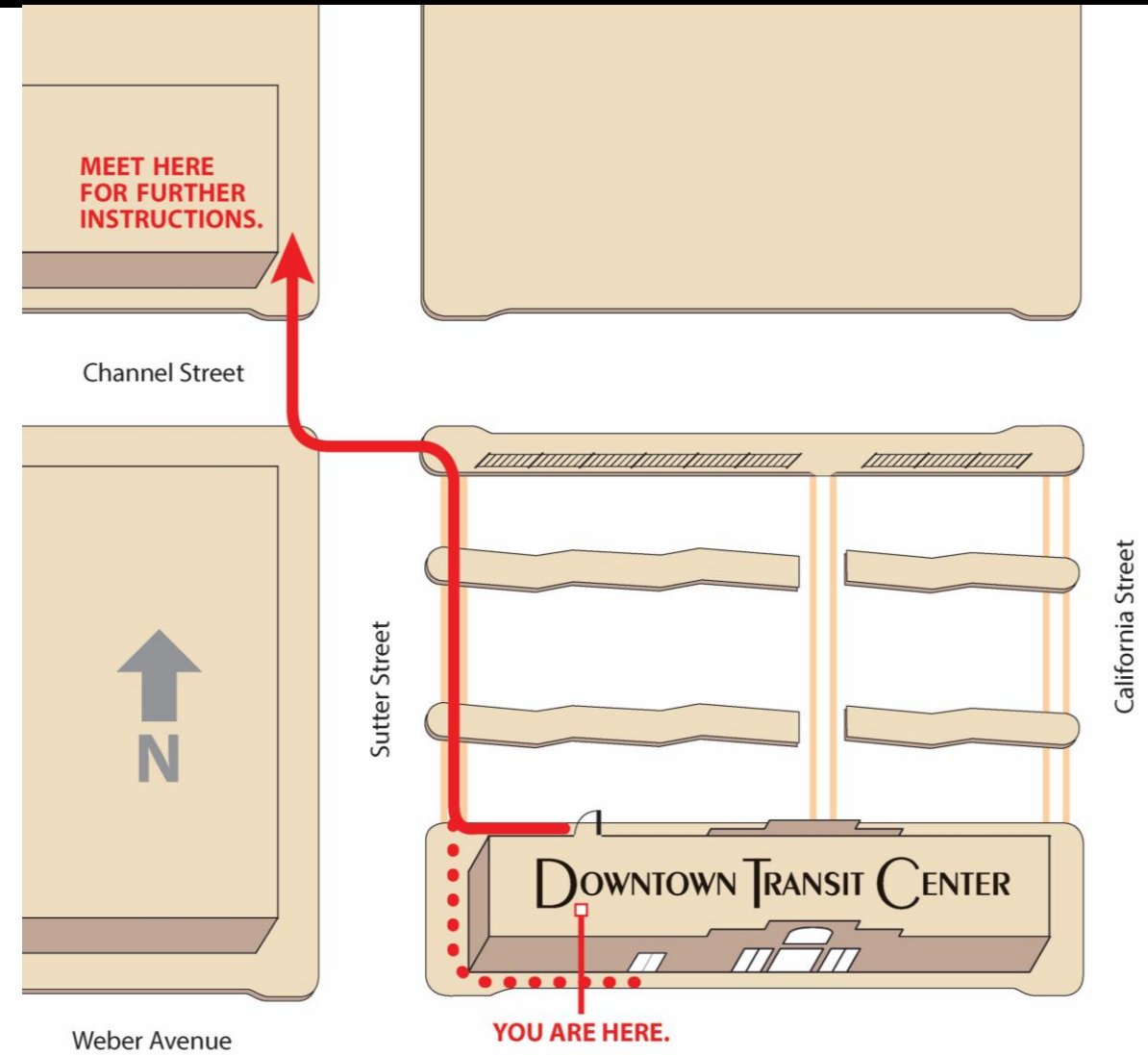
DATE POSTED: JANUARY 13, 2023

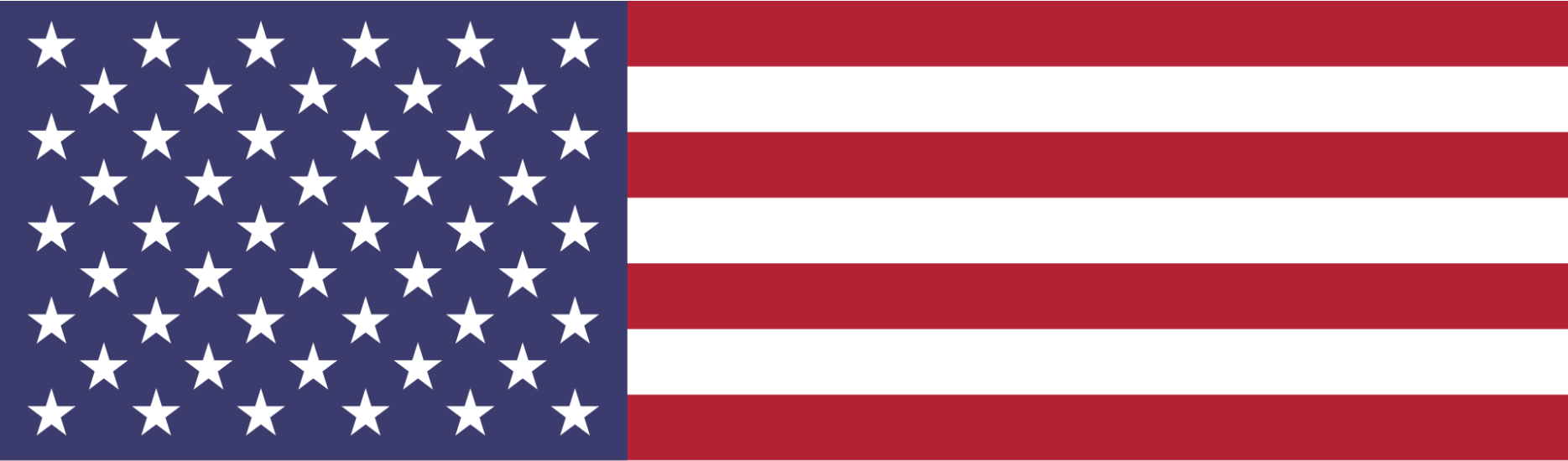


# SAFETY ANNOUNCEMENT

## Emergency Procedures:

- Evacuate through north facing door, under green exit sign.
- Continue safely across to the northwest corner of Sutter and Channel Streets.
- Be alert and listen for announcements and instructions from RTD staff or law enforcement personnel.
- Be observant and notify security or RTD staff if you see something suspicious.







**LEAD STAFF:**       **ALEX CLIFFORD, CEO**

**REPORT:**           **ELECTION OF THE CHAIRPERSON AND VICE CHAIRPERSON  
OF THE SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
(RTD) BOARD OF DIRECTORS FOR THE CALENDAR YEAR  
2023**

**I.     SUMMARY**

- Per section 4.01 of RTD's Rules of Procedure, an election for a Chairperson and a Vice Chairperson must occur annually as they serve a calendar year term.
- The Chairperson and Vice Chairperson shall be elected every year at the board's first regular meeting in January.
- The election of the Chairperson and Vice Chairperson shall be conducted by the Secretary and the term shall commence at the close of the meeting.

**II.    DISCUSSION/BACKGROUND**

Article IV of the RULES OF PROCEDURE FOR THE SAN JOAQUIN REGIONAL TRANSIT DISTRICT effective November 7, 2014 states:

The officers of the Board of Directors are a Chairperson, a Vice-Chairperson, and a Secretary. The Chairperson and Vice Chairperson shall be elected every year at the first regular meeting of the Board in January from among the Directors. The election of the Chairperson and Vice Chairperson pursuant to these Rules of Procedure shall be conducted by the Secretary.

The term of office of the Chairperson and Vice-Chairperson shall commence at the close of the meeting at which the election is held and shall continue to the first regular meeting in January of the succeeding year at which time a successor has been elected.

The Chairperson shall preside at all meetings of the Board of Directors and shall perform such duties as ordered by the Board or prescribed by law. In the Chairperson's absence or inability to act, the Vice Chairperson shall preside at all sessions of the Board and shall have such other duties as normally performed by the Chairperson.

**III. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This recommendation aligns with the Board's Strategic Priorities 1 and 4.

Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

None.

**V. CHANGES FROM COMMITTEE**

N/A

**VI. ALTERNATIVES CONSIDERED**

No alternatives to consider, this is required by RTD's Rules of Procedure.

**VII. ATTACHMENTS**

None.

Prepared by: Erica Smith, Executive and Board Support Specialist

**VIII. APPROVALS**

Alex Clifford, CEO





**LEAD STAFF:**        **THOMAS MLADY, SAFETY AND SECURITY MANAGER**

**REPORT:**            **RECOGNITION OF EMPLOYEES YEARS OF SAFE SERVICE**

**I.        SUMMARY:**

RTD management will formally recognize employees for their years of safe service with San Joaquin Regional Transit District (RTD).

**II.       DISCUSSION/BACKGROUND**

RTD implemented the Employee Safety Incentive Program to recognize the safe performance of its frontline employees within RTD's Transportation and Maintenance departments. In years past, employees who reached safety milestones were recognized simultaneously at an annual celebration. However, due to the growing number of employees, yearly recognition has become unreasonable as some employees would have to wait extended periods before being recognized; therefore, RTD decided to recognize employees for safe service quarterly.

To be eligible for a safe service award, an employee must meet the following basic criteria:

1. No preventable accidents in a one-year period beginning on their date of hire.
2. Employed at RTD for at least 12 months.

**Awards Schedule:**

All awardees receive a certificate of appreciation regardless of years of safe service.

Years of Safe Service	1 through 4	5	6 through 9	10	11 through 14	15	16 through 24	25	26 through 29	30	35
Recognition	Certificate	Bronze Belt Buckle	Certificate	Silver Belt Buckle	Certificate	Ring	Ring Upgrade (1 stone added per year)	Watch	Watch Upgrade (1 gold crest year 26 and 1 stone per year thereafter)	Choice of item from award catalog (\$584.92 average value)	Choice of item from award catalog (\$657.82 average value)

**III. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This report aligns with the Board's Strategic Priorities 1-5.

Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

The total expense cost of \$13,000/year is included in the 2023 Customer Engagement Operating budget under Recognition Awards account number 414000-50932.

**V. CHANGES FROM COMMITTEE**

N/A

**VI. ALTERNATIVES CONSIDERED**

N/A

**VII. ATTACHMENTS**

N/A

Prepared by: Thomas Mlady, Safety and Security Manager

**VIII. APPROVALS**

Financial Impact Approved:  
Robert Kyle, CFO

  
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Alex Clifford, CEO

  
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# **E-Bikeshare Pilot Program Administration (STEP PROJECT) Go Bike Stockton**

**RTD Board of Directors**

**January 20, 2023**

Max Calder, Mobility Manager

Bee Thao, Mobility Supervisor

# Project Overview / Recap

- Partner in San Joaquin Council of Governments (SJCOG) Sustainable Transportation Equity Project (STEP) Stockton Mobility Collective (SMC) Partners
  - SJCOG Project Managers and STEP Project Leadership
  - Institute for Local Government (ILG)
  - UC Davis
  - MioCar
  - RTD (Administers E-Bikeshare Contract)
    - Shared Mobility Inc. (SMI) dba, Mobility Development Foundation (MDF)
- RTD Contract with MDF
  - \$821,000
  - MDF serves as “turn-key” operations contract
  - MDF storage and workspace (Hammer Transfer Station (HTS))
  - RTD \$140,000 Administration Expenses under STEP (\$100,000 Bikeshare)
  - Maintenance and Redistribution of Bikes
  - Go Live and Start-up Planning



# Go Live Schedule

- Bikes Arrive in Stockton - February 2023 (HTS)
- RTD Board Update Project Details (February 2023)
- MDF Hire Program Manager (February 2023)
- MDF will install bike racks at initial implementation sites.
- Bike Testing / Acceptance (February to early March)
- Soft Launch mid-March
- STEP Kick-Off / Go Live Event March (TBD Saturday in March)
- 90 Day ramp up to full 100 - 105 Bike Deployment (March – June)
- Full Deployment Incrementally and Exeditiously Phased In



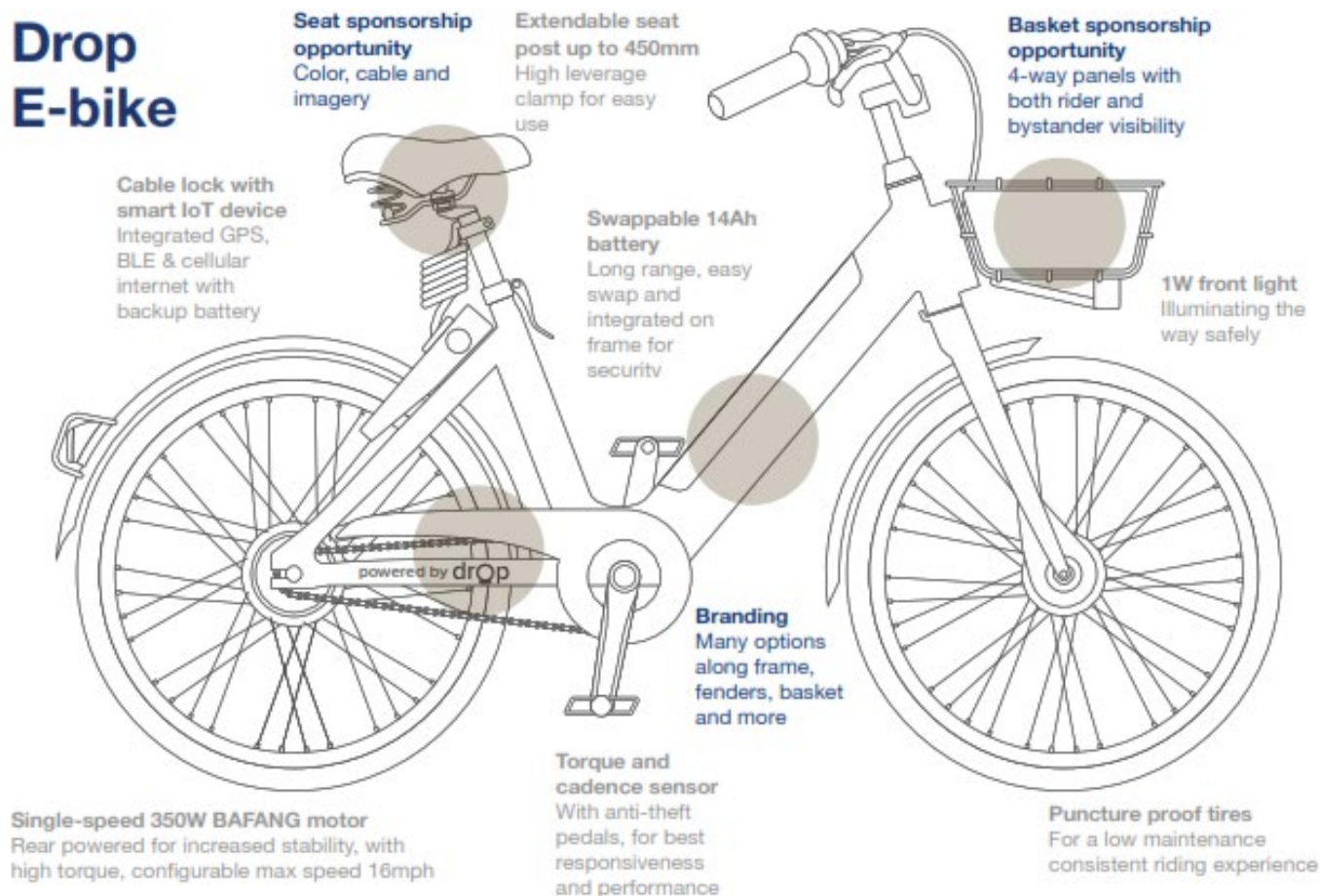
# Bike Order / Manufacturer

- DROP (100-105 Bikes)  
\$220,000 (At Not to Exceed)
- Equipment Arrives at HTS in February
- MDF Bike Testing
- Acceptance Process a Minimum of Two Weeks Before Go Live
- Staging of Bikes at Sites and Implementation March 2023



# Bike Specs

## Drop E-bike



Drop  
Model-E201L

26" puncture-proof (airless) tires  
36V 14Ah swappable batteries  
5hr to full charge  
Custom keyed lock to swap battery  
35+ mile (60+ km) range  
Shimano front and rear brakes  
16 mph (25 km/h) adjustable max speed  
Seat post extends 450mm  
Internet connected smart lock  
Lock-to cable mechanism  
Solar-powered rear light & reflector  
Front fork limits oversteering  
A11-weather kickstand  
BAFANG 350W motor  
Less than 60 lbs  
All aluminum frame and assembly

TS04210 and CFR1512 certified

# Bike Rack Siting

- City of Stockton (Meeting on 1/24 to Finalize)
  - DeCarli Plaza
  - Yosemite Village
  - Haggin Museum / Victory Park
  - Miracle Mile
- RTD
  - Downtown Transit Center (DTC) (Initial Site during Soft Launch)
  - Union Transit Station (UTS) (Within the First 90 Days)
- Other Site Partners
  - University of Pacific (UOP) (Site Documents Pending Approval)
  - Delta College (Site Approval Process Pending)
- Ongoing Site Review and Adjustments if Needed

# Bike Rack Siting

## Other Site Partners

- University of the Pacific (UOP) – Site documents pending approval
- Delta College (Site approval process pending)

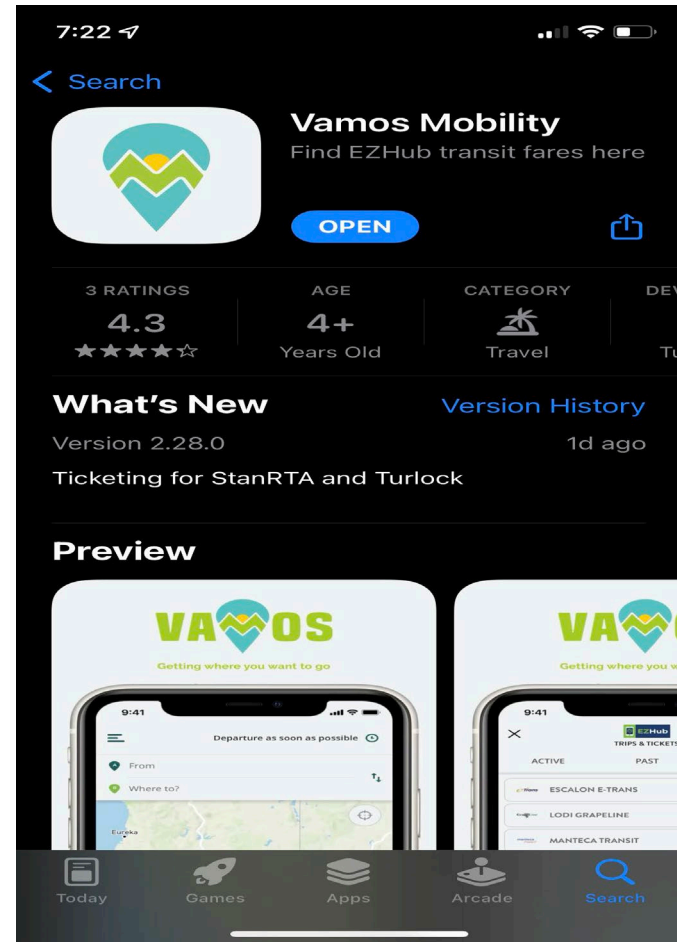
Ongoing site review and adjustments if needed

<https://www.google.com/maps/d/u/0/viewer?mid=1YGWHtJHxL5bQRrTNjlOcbRocEfqGY9o&hl=en&ll=37.97183487102986%2C-121.31872282070344&z=12>

# Potential VAMOS Integration



- Go Bike Stockton
- Mobility as a Service
- Modes:
  - Transit
  - Bikeshare
  - Carshare
- San Joaquin County Wide
- Dependent upon Integration



# Go Bike Stockton

Gobike Stockton: Logo Variations





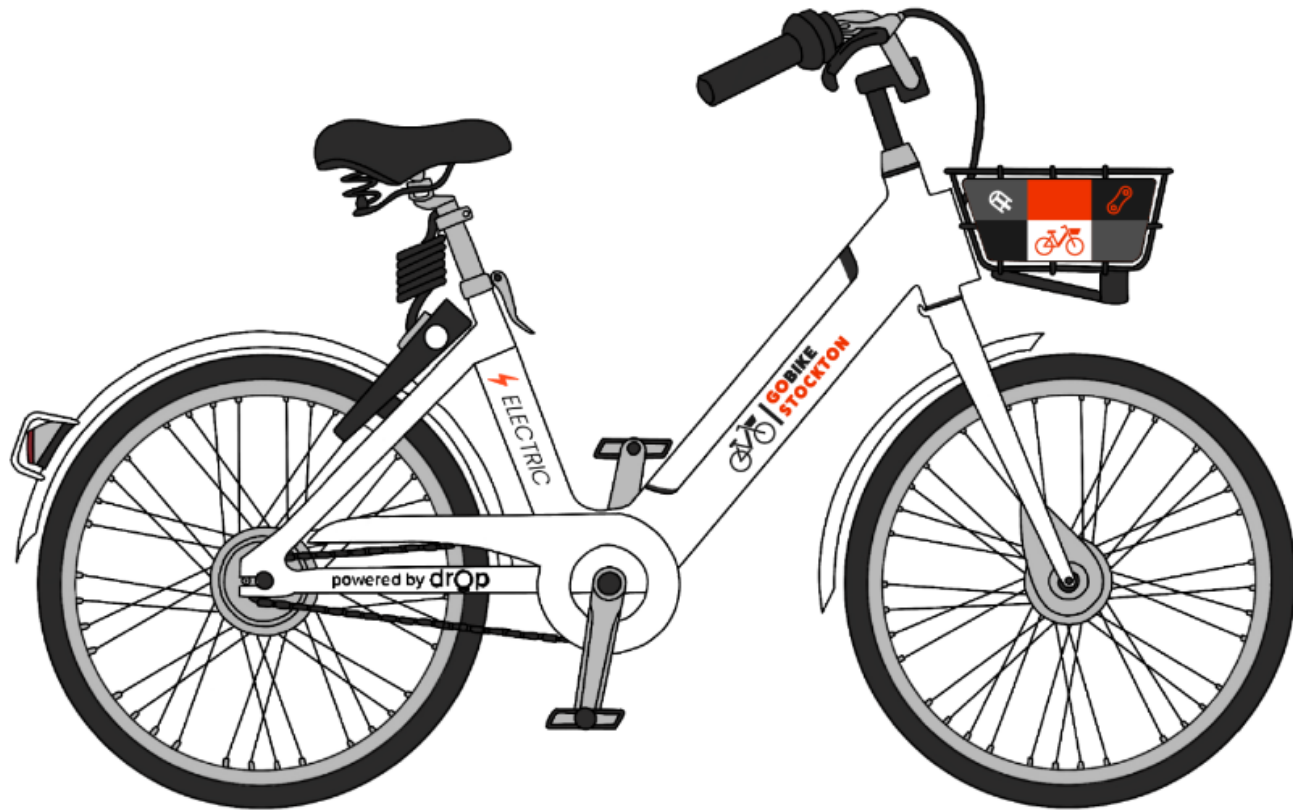
# Go Bike Stockton

Gobike Stockton: T-Shirts





# Go Bike Stockton



# Project and Start-up Timeline

Milestone	Agency / Organization	Schedule
Notice to Proceed	SJCOG/RTD	5/20/2021
Sub-Agreement Executed	SJCOG/RTD	6/17/2021
RTD Contract MDF	RTD/MDF	11/23/2021
Outreach/Siting	SMC (All Partners)	Ongoing
Pricing / Branding	SJCOG/RTD/MDF	January 2023
Site Permitting	SJCOG/RTD/MDF	September 2022 – January 2023
Kick-Off Event and Go Live	SJCOG/RTD/MDF	March 2023
Sustainability Evaluation Period	MDF Operations	Jan 2023 – June 2023
End of Pilot Operations	RTD/MDF	December 31, 2024

# Post-Implementation

## Monitoring and Data Collection

- Member ID
- Data and time of trip
- Duration of reservation
- Duration of travel
- Total miles traveled during the trip
- Vamos Integration



## Monthly Usage Survey

- Active e-bikeshare users
- Email or smart phone push notification

## Evaluate Results





Max Calder, Mobility Manager  
[mcaldersjrtd.com](mailto:mcaldersjrtd.com)  
619-933-8694



**LEAD STAFF:**        **ALEX CLIFFORD, CEO**

**REPORT:**            **CHIEF EXECUTIVE OFFICER UPDATE**

**MEETINGS SINCE DECEMBER 12, 2022**

RTD participated in meetings of the following committees and organizations:

- **Bay Area Rapid Transit Partnership Meeting:** CEO Alex Clifford, COO Ciro Aguirre
- **Federal Legislative Bi-weekly Meeting** Chris Giglio of Capital Edge Advocacy Inc.: CEO Alex Clifford
- **State Legislative Bi-weekly Meetings with Michael Pimentel and Alchemy Graham of Shaw Yoder Antwih Schmelzer & Lange:** CEO Alex Clifford
- **Business Council San Joaquin County Monthly Meeting:** CEO Alex Clifford
- **California Transit Association (CTA) Executive Committee Meeting:** CEO Alex Clifford
- **CTA Public Employees' Pension Reform Act (PEPRA) and 13(c) Task Force Meeting:** CEO Alex Clifford
- **CTA State Legislative Committee Meeting:** CEO Alex Clifford
- **CTA Zero Emission Vehicle Task Force Meeting:** CEO Alex Clifford
- **California Transit Works (CTW) Advisory Board Meeting:** CEO Alex Clifford
- **CTW Annual Meeting at Santa Clara Mission College:** CEO Alex Clifford
- **RTD Quarterly Retirement Board Meeting:** CEO Alex Clifford, Human Resources Manager Malika McGee, Human Resources Administrator Ericka Franco, Project Controls Manager Merab Talamantes, Finance Manager Ravi Sharma, CFO Robert Kyle, Director of Financial Planning Virginia Alcayde
- **San Joaquin Council of Governments (SJCOG) Board Meeting:** Director Gary Giovanetti, Government Affairs Director Ken Baxter, Grants Manager Eric Williams
- **SJCOG Special Management & Finance Committee Meeting:** CEO Alex Clifford
- **SJCOG Social Services Transportation Advisory Council Special Meeting:** Government Affairs Director Ken Baxter, Mobility Manager Max Calder
- **SJCOG Technical Advisory Committee Meeting:** Government Affairs Director Ken Baxter, Grants Manager Eric Williams
- **San Joaquin County Board of Supervisors Holiday Open House:** CEO Alex Clifford
- **San Joaquin Regional Rail Commission (SJRRRC) Board Meeting:** Government Affairs Director Ken Baxter
- **The Bus Coalition Board Meeting:** CEO Alex Clifford
- **Transit and Intercity Rail Capital Program Meeting with California State Transportation Agency Chief Deputy Secretary for Rail and Transit Chad Edison:** CEO Alex Clifford
- **The Zero Emission Bus Resource Alliance Meeting:** CEO Alex Clifford



**LEAD STAFF:       MAXIMILIAN CAO, SUPERVISOR OF MARKETING AND  
CUSTOMER ENGAGEMENT**

**REPORT:            MARKETING UPDATE**

**Human Trafficking Awareness Month**

On January 11, RTD proudly marked Human Trafficking Awareness Month with a unique employee workshop. In attendance were the Women Center – Youth and Family Services and the Stockton Police VICE unit to provide essential education about human trafficking prevention. Staff was encouraged to wear blue clothing to display their dedication to helping prevent human trafficking and bring awareness to the issue. RTD also took action online by creating a Human Trafficking landing page filled with resources for victims and sharing informative posts about the subject matter across social media outlets.

**January 22 Service Change**

RTD is excited to restore and extend service hours across many of its fixed routes beginning Sunday, January 22. This includes its County and Metro Hoppers, and Commuter services. Local fixed-route services have also been extended, providing convenient connections with other routes. This improved schedule offers travelers a more accessible and more efficient way to get to school, work, medical appointments, and much more. RTD remains steadfast in its commitment to providing a safe, reliable, and efficient transit system for the region of San Joaquin County.



# Marketing Board Update

## Board of Directors Meeting

1/20/2023

Maximilian Cao, Supervisor of Marketing and Customer Engagement



# Human Trafficking Awareness – January 11





# January 22 Service Change



Notable improvements are as follows:

- **BRT Express Routes 43, 44, 47, and 49** will extend service hours to approximately 7:30 p.m. to mirror BRT Express 40 on the weekends
- **BRT Express Route 47** will add a new bus stop at Commerce Street and Steamboat Landing
- **Local Routes 510, 515, 520, 525, 545, 555, 578, and 580** will extend services hours to approximately 8:30 p.m. more convenient connections with other routes
- **Local Routes 566, 576, and 578** will extend service hours to approximately 7:30 p.m. with additional service to fill in gaps in the middle of the day
- **County Hopper Routes 90, 91, 93, 95, and 97** service hours will be fully restored to pre-pandemic levels
- **Commuter Routes 150 and 163** service hours will be fully restored to pre-pandemic levels

# January 22 Service Change



## Metro Hopper Routes 1 through 9

- Will extend service hours to approximately 7:30 p.m. for more convenient connections with other routes.
- Will move the Mall Transfer Station stop to the north side of Yokuts Avenue (on the Macy's side).





# RTD Helps Evacuate Residents of Acampo – January 15 - 17







**LEAD STAFF:** **RAVI SHARMA, FINANCE MANAGER**  
**DEPARTMENT MANAGER:** **ROBERT KYLE, CFO**

**REPORT: FINANCIAL UPDATE**

**I. SUMMARY**

- A brief analysis of San Joaquin RTD's financial status is prepared monthly to inform the Board of Directors regarding RTD's actual revenues and expenses in relation to the adopted operating budget for the fiscal year.
- Cash flows, outflows, and projection are also included.

**II. DISCUSSION/BACKGROUND**

Attached is the Operating Revenue and Expense summary report for fiscal year to date ending December 31, 2022. The fiscal year (FY) has elapsed 50%.

Revenues

Passenger fare revenues are higher than the budget level due to higher bus pass sales and cash fares as a result of the increase in ridership. Non-Transportation revenues are higher due to higher interest income as a result of higher treasury funds balance. Overall total revenues are equivalent to the revenue budget level.

Expenses

The total expenses compared to the budget level is lower mainly due to lower labor and fringe expenses as a result of vacant positions, which resulted in lower retirement plan expenses and medical premium expenses. Vacation accrual expense of represented employees will be recognized in January 2023. Expenses are lower also due to less spending on services, materials, utilities, and miscellaneous expenses.

Cash Basis and Projection

The fiscal year to date cash basis has a positive result mainly due to receiving local transportation operating funds, state transit assistance capital funds, and prior year federal 5307 funds.

The 12-months cash flow projection includes capital and operating cash inflows and outflows.

**III. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This report aligns with the Board's Strategic Priorities 3 and 4.

Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

Favorable budget variances in Operating Revenue and Expenses contribute to favorable budget variance in Operating Balance, to date as of December 31, 2022.

**V. CHANGES FROM COMMITTEE**

N/A

**VI. ALTERNATIVES CONSIDERED**

There are no alternatives to consider as this is a Monthly Financial Report.

**VII. ATTACHMENTS**


**Attachment A:** Fiscal year to date monthly financial report for the period ending December 31, 2022.

**Attachment B:** Cash flow projections

Prepared by: Ravi Sharma, Finance Manager

**VIII. APPROVALS**

Financial Impact Approved:  
Robert Kyle, CFO

  
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Alex Clifford, CEO

  
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Attachment A  
Cover Page

**San Joaquin RTD**  
**FY2023 Revenue & Expense Summary**  
**Year to Date Comparison to Annual Budget**  
**For the Period Ending December 31, 2022**  
**(50% of Fiscal Year)**

	Annual Budget	YTD Budget	Year to Date Actual (Accrual Basis)	Annual Budget Balance	% of YTD Amount vs. Annual Budget	FYTD Cash Flow (amounts in 000's)	
						OPERATING	CAPITAL
<b>REVENUES</b>							
PASSENGER FARES & SPECIAL FARES	\$ 2,110,598	\$ 1,055,299	\$ 1,104,104	\$ 1,006,494	52%	1,060	-
NON-TRANSPORTATION REVENUES	769,252	384,626	429,620	339,632	56%	173	-
FEDERAL GRANTS (5307)	5,696,742	2,848,371	2,946,859	2,749,883	52%	6,417	-
FEDERAL GRANTS (5311)	550,370	275,185	246,534	303,836	45%	170	-
PROPERTY TAXES	1,269,986	634,993	634,993	634,993	50%	678	-
TDA - STA	175,000	87,500	79,545	95,455	45%	175	4,763
TDA - LTF	30,186,961	15,093,481	14,807,558	15,379,403	49%	15,480	-
LCTOP	1,556,856	778,428	778,428	778,428	50%	1,557	-
Transformative Climate Communities Grant (TCC)	109,826	54,913	94,756	15,070	86%	60	-
MEASURE K	5,706,030	2,853,015	2,852,740	2,853,290	50%	2,012	-
FEDERAL American Rescue Plan (5311)	559,632	279,816	-	559,632	0%	-	-
FEDERAL GRANTS (5310)	-	-	190,847	-	0%	-	-
FEDERAL CARES Act (5311)	-	-	-	-	0%	364	-
CAPITAL PROJECTS CASH INFLOW	-	-	-	-	0%	-	2,907
<b>TOTAL REVENUES</b>	<b>\$ 48,691,252</b>	<b>\$ 24,345,626</b>	<b>\$ 24,165,985</b>	<b>\$ 24,716,114</b>	<b>50%</b>	<b>28,146</b>	<b>7,671</b>
<b>CASH INFLOW OPERATING &amp; CAPITAL</b>						<b>28,146</b>	<b>7,671</b>
<b>TOTAL CASH INFLOW</b>						<b>35,816</b>	
<b>EXPENSES</b>							
WAGES AND FRINGE BENEFITS	33,254,132	16,627,066	12,654,110	20,600,023	38%	13,163	-
SERVICES	4,222,065	2,111,033	1,925,595	2,296,470	46%	2,187	-
MATERIALS & SUPPLIES	3,978,210	1,989,105	1,785,229	2,192,981	45%	2,390	-
UTILITIES	1,194,462	597,231	523,029	671,433	44%	582	-
INSURANCE	2,189,381	1,094,690	1,062,728	1,126,653	49%	113	-
TAXES	337,278	168,639	153,970	183,309	46%	145	-
PURCHASED TRANSPORTATION	2,163,120	1,081,560	1,049,356	1,113,764	49%	981	-
MISCELLANEOUS EXPENSES	1,352,605	676,302	444,898	907,707	33%	420	-
CAPITAL PROJECTS CASH OUTFLOW	-	-	-	-	0%	-	2,704
<b>TOTAL EXPENSES</b>	<b>\$ 48,691,252</b>	<b>\$ 24,345,626</b>	<b>\$ 19,598,914</b>	<b>\$ 29,092,338</b>	<b>40%</b>	<b>19,981</b>	<b>2,704</b>
<b>CASH OUTFLOW OPERATING &amp; CAPITAL</b>						<b>19,981</b>	<b>2,704</b>
<b>TOTAL CASH OUTFLOW</b>						<b>22,684</b>	
<b>Net Revenue (Deficit)</b>	<b>-</b>	<b>-</b>	<b>4,567,071</b>			<b>13,132</b>	
<i>Less Stimulus Grants</i>			<b>-</b>			<b>0</b>	
<b>Adjusted Net Revenue (Deficit)</b>			<b>4,567,071</b>			<b>13,132</b>	



Attachment B  
Cover Page



**San Joaquin RTD**  
**Twelve Months Cash Flow Projection (amounts in 000's)**

	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>
Beginning Cash Balance	\$41,204	\$59,097	\$58,154	\$58,867	\$59,355	\$60,596	\$59,884	\$61,797	\$61,085	\$61,798	\$61,886	\$61,174
Add: Projected Cash Inflow	22,738	2,658	4,083	11,757	4,703	2,658	5,283	2,658	4,083	3,458	2,658	2,658
Less: Projected Cash Outflow	-4,845	-3,601	-3,370	-11,269	-3,462	-3,370	-3,370	-3,370	-3,370	-3,370	-3,370	-3,370
<b>Projected Month-end Cash Balance</b>	<b>\$59,097</b>	<b>\$58,154</b>	<b>\$58,867</b>	<b>\$59,355</b>	<b>\$60,596</b>	<b>\$59,884</b>	<b>\$61,797</b>	<b>\$61,085</b>	<b>\$61,798</b>	<b>\$61,886</b>	<b>\$61,174</b>	<b>\$60,462</b>
<b>OPERATING CASH INFLOWS:</b>												
Fare Revenue	186	145	145	145	145	145	145	145	145	145	145	145
Advertising, Rental, Interest & Other Income	4	13	13	13	13	13	13	13	13	13	13	13
Federal 5307	419											
Property tax Revenue	678				620							
TDA-STA Operating	175											
TDA-LTF	15,480	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Measure K Operating	1,425		1,425		1,425		1,425		1,425			
<b>Projected Operating Cash Inflow</b>	<b>18,368</b>	<b>2,658</b>	<b>4,083</b>	<b>2,658</b>	<b>4,703</b>	<b>2,658</b>	<b>4,083</b>	<b>2,658</b>	<b>4,083</b>	<b>2,658</b>	<b>2,658</b>	<b>2,658</b>
<b>OPERATING CASH OUTFLOWS:</b>												
Payroll and Payroll Related Expenses	2,798	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Accounts Payable Check-runs	1,054	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Purchased Transportation Invoices	161	170	170	170	170	170	170	170	170	170	170	170
Measure K loan Interest to SJCOG	92				92							
<b>Projected Operating Cash Outflow</b>	<b>4,106</b>	<b>3,370</b>	<b>3,370</b>	<b>3,370</b>	<b>3,462</b>	<b>3,370</b>	<b>3,370</b>	<b>3,370</b>	<b>3,370</b>	<b>3,370</b>	<b>3,370</b>	<b>3,370</b>
<b>Net Operating Cash Flow</b>	<b>14,263</b>	<b>-712</b>	<b>713</b>	<b>-712</b>	<b>1,241</b>	<b>-712</b>	<b>713</b>	<b>-712</b>	<b>713</b>	<b>-712</b>	<b>-712</b>	<b>-712</b>
<b>CAPITAL CASH INFLOWS:</b>												
TDA-STA Capital	3,600			1,200			1,200			800		
Federal CMAQ Solar Project	708											
Federal CMAQ Gillig Electric Buses				7,899								
STEP Grant	6											
5312/SJCOG/StanislausCOG IMI Mobility project	56											
<b>Projected Capital Cash Inflow</b>	<b>4,370</b>	<b>0</b>	<b>0</b>	<b>9,099</b>	<b>0</b>	<b>0</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>0</b>	<b>0</b>
<b>CAPITAL CASH OUTFLOWS:</b>												
Gillig Electric Buses				7,899								
Operator Barriers		231										
Masabi Fare Payment Upgrade (mobile)	5											
Stockton Mobility Collective E-Bikes	6											
Transit System Redesign Study	10											
Federal CMAQ Solar Project	719											
<b>Projected Capital Cash Outflow</b>	<b>740</b>	<b>231</b>	<b>0</b>	<b>7,899</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Capital Cash Flow</b>	<b>3,630</b>	<b>-231</b>	<b>0</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>0</b>	<b>0</b>
<b>Funds Kept at:</b>												
Bank of Stockton	702											
County Treasury	58,395											
<b>Total</b>	<b>59,097</b>											



**LEAD STAFF:** MANNY CALUYA, PROCUREMENT SUPERVISOR  
**DEPARTMENT MANAGER:** SYLVESTER DONELSON, JR.,  
DIRECTOR OF PROCUREMENT

**REPORT:** QUARTERLY UPDATE OF SOLICITATIONS

**I. SUMMARY:**

- This report provides the Board of Directors (Board) with a list of all current and upcoming formal solicitations.
- The financial considerations are listed in Attachment A of this report.

**II. DISCUSSION/BACKGROUND**

The purpose of this report is to provide the Board an opportunity to review and comment on all current and upcoming formal solicitations before they are recommended to the Board for award.

The thresholds for formal solicitations are as follows:

- \$250,000+ for services
- \$75,000+ for materials, supplies, and equipment
- \$3,000+ for FTA funded public works
- \$200,000+ for non-FTA funded public works -- California Uniform Public Construction Cost Accounting Act (CUPCAA)

Attachment A lists all formal solicitations that are currently advertised and anticipated to be advertised for the upcoming quarter.

**III. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This report aligns with the Board's Strategic Priorities 3 and 4.

Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

See Attachment A.

**V. CHANGES FROM COMMITTEE**  
N/A

**VI. ALTERNATIVES CONSIDERED**  
N/A

**VII. ATTACHMENTS**

**Attachment A:** Quarterly Update of Solicitations

Prepared by: Manny Caluya, Procurement Supervisor

**VIII. APPROVALS**

Sylvester Donelson, Jr.,  
Director of Procurement

Financial Impact Approved:  
Robert Kyle, CFO

Alex Clifford, CEO

The image shows three handwritten signatures in blue ink, each written over a horizontal line. The first signature is for Sylvester Donelson, Jr., the second is for Robert Kyle, and the third is for Alex Clifford.



Attachment A  
Cover Page

### QUARTERLY UPDATE OF SOLICITATIONS

Solicitation Number	Solicitation Released Date or Anticipated Release Date	Title	Estimated Award Date	Funding Source	Estimated Amount
23097-S	January 2023	Public Transit and Apportionment Study	March 2023	Local	\$125,000



**LEAD STAFF:** SYLVESTER DONELSON, JR., DIRECTOR OF PROCUREMENT

**REPORT:** CONTRACTS AWARDED FOR THE SECOND QUARTER OF FY 2023

**I. SUMMARY:**

- This report provides the Board of Directors (Board) with a list of contracts awarded for the second quarter of FY 2023 (October– December 2022).
- The financial impact is listed in Attachment A of this report.

**II. DISCUSSION/BACKGROUND**

The purpose of this report is to provide the Board with a summary of contracts awarded on a quarterly basis, pursuant to Section 1.3 Organizational Structure of RTD's Procurement Manual.

Attachment A is a list of contracts awarded from October 1, 2022, through December 31, 2022.

**III. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This report aligns with the Board's Strategic Priorities 3 and 4.  
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

See Attachment A.

**V. CHANGES FROM COMMITTEE**

N/A

**VI. ALTERNATIVES CONSIDERED**

N/A

**VII. ATTACHMENTS**

**Attachment A:** Contracts Awarded for the second quarter of FY 2023

Prepared by: Sylvester Donelson, Director of Procurement

**VIII. APPROVALS**

Financial Impact Approved:  
Robert Kyle, CFO

  
\_\_\_\_\_

Alex Clifford, CEO

  
\_\_\_\_\_





Attachment A  
Cover Page

**CONTRACTS AWARDED FOR THE SECOND QUARTER OF FY 2023**

	<b>Award Date</b>	<b>Contract Number</b>	<b>Company Name</b>	<b>Title</b>	<b>Contract Amount</b>	<b>Funding Source</b>	<b>Location</b>	<b>DBE</b>
	10/21/2022	23010-U	City of Lathrop	Transit Services Study MOU	N/A	N/A	Lathrop, CA	N/A
	08/01/2022	23023-U	Delta College	Bus Pass Subsidy Pilot Program	\$35,000	Revenue	Stockton, CA	N/A
	11/01/2022	23027-U	Livermore Amador Valley Transit Authority (LAVTA)	MOU for Emergency Services	N/A	Operating	Livermore, CA	N/A
	10/04/2022	23035-U	Bay Area Rapid Transit (BART)	Reciprocal Co-Marketing Agreement	N/A	N/A	Oakland, CA	N/A
	10/25/2022	23066-U	City of Escalon	Stuff the Bus	\$800	Revenue	Escalon, CA	N/A
	12/19/2022	23067-L	LifeSong	Park & Ride Agreement	\$8,100	Operating		No
	12/05/2022	23085-M	Elk Grove Dodge	2023 Chrysler Pacifica	\$43,537	State	Elk Grove, CA	No
	12/19/2022	23089-C	Bockmon & Woody Electric Co., Inc.	Furnishing and Installation of Electrical Transformer	\$9,100	State	Stockton, CA	No
	9/1/2022	23033-S	Foster & Foster Consulting Actuaries, Inc.	Retirement Plan Actuarial Consulting Services	\$53,763	LTF	Fort Myers, FL	No
*	10/21/2022	23006-S	Hanson Bridgett, LLP	General Counsel & Legal Services	\$8,546,971	Operating	San Francisco, CA	No

*	9/16/2022	23007-S	Capital Edge Advocacy Inc.	Federal Legislative Consulting Services	\$462,000	Operating	Washington, DC	No
*	9/16/2022	23008-S	Shaw Yoder Antwih Schmelzer & Lange	State Legislative Consulting Services	\$297,372	Operating	Sacramento, CA	No

\*Approved by the Board

**AUXILLARY CONTRACTS AWARDED FOR THE SECOND QUARTER OF FY 2023**



**LEAD STAFF:       ERIC WILLIAMS, GRANTS MANAGER**

**REPORT:            QUARTERLY UPDATE OF GRANTS AWARDED**

**I.       SUMMARY:**

- During the second quarter of Fiscal Year (FY)23 (October 1- December 31, 2022), the San Joaquin Regional Transportation District (RTD) received three grants, which will be used for operating assistance, a bus purchase and workforce development program.
- The procurement process has started for the five (5) LowNo funded hybrid electric buses and one (1) Transformative Climate Communities (TCC) grant.
- A list of RTD's active grants (Attachment A) is provided quarterly to apprise the Board of Directors (Board) of grant funding status.
- There are not any pending Competitive or Formula grant applications to report for this period.

**II.      DISCUSSION/BACKGROUND**

During the second quarter of FY23, RTD received one (1) formula and two (2) discretionary grants.

**Awarded Grants**

1. RTD was awarded the FY21 American Rescue Plan Act (ARPA) Standard Agreement for operating assistance in the amount of \$1,190,000 (Formula).
2. The TCC Round 4 grant was awarded for the following two (2) projects:
  - a. Hybrid Diesel Electric Bus Project: to purchase one (1) hybrid electric bus.  
Amount Awarded: \$1,163,309 (Discretionary)
  - b. Workforce Development Project: to fund RTD Apprentice Program.  
Amount Awarded: \$453,844 (Discretionary)

**Grants Status Report**

- Caltrans is processing the Extension for FY21 5310 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) from August 31, 2022, to August 31, 2023, in the amount of \$57,395.
- San Joaquin Council of Government (SJCOG) is processing the revised FY2022 - 2023 Transportation Development Act (TDA) claim. The revised FY2022 – 2023 State Transit Revenue and Apportionment Schedule resulted in an increase of \$2,020,571.

**Closed-out Grants**

During the quarter, there were no grants requiring close-out.

Active and Pending

During the next three months, staff will continue to try and identify grant funding opportunities for the following unfunded projects:

- |   |                                 |
|---|---------------------------------|
| • United Cerebral Palsy Bus Replacement Project     | \$1,122,000                     |
| • Pedestrian Collision and Avoidance System Project | \$ 782,000                      |
| • Public Display Monitor System Project             | \$ 637,500                      |
| • Solar and Bus Stop Improvements                   | \$ 914,000                      |
| • 26 Hopper Cutaways                                | \$ 3,900,000                    |
| • 14 Van Go! Ford Transit Vans – Glaval             | (Project cost to be determined) |
| • 6 Van Go! Ford Transit Vans – StarCraft           | (Project cost to be determined) |

Possible Upcoming Grant Opportunities

RTD staff continuously seeks grant funds for operating assistance and capital improvements.

- FY23 Low or No Emission Vehicle Program - 5339(c)
- FY23 Buses and Bus Facilities Formula Program - 5339(a)
- FY23 Section 5311 Formula Funding
- SJCOG: Congestion Mitigation and Air Quality (CMAQ) Improvement Program
- FY 2023 Transit Worker and Rider Safety (TWRS) Best Practices Research Project
- FY23 Areas of Persistent Poverty (AoPP)
- FY23 Rebuilding American Infrastructure with Sustainability and Equity (RAISE)

**III. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This recommendation aligns with the Board's Strategic Priorities 3 and 4.  
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

Current active grants listed in Attachment A for RTD's operations and capital improvements. The Operating and Capital Budgets will be amended as necessary when grants are awarded.

**V. CHANGES FROM COMMITTEE**

N/A

**VI. ALTERNATIVES CONSIDERED**

N/A

**VII. ATTACHMENTS**

**Attachment A:** Active Grants as of December 2022

Prepared by: Eric Williams, Grants Manager

**VIII. APPROVALS**

Financial Impact Approved:  
Robert Kyle, CFO

A handwritten signature in blue ink, appearing to be 'R. Kyle', written over a horizontal line.

Alex Clifford, CEO

A handwritten signature in blue ink, appearing to be 'Alex Clifford', written over a horizontal line.





Attachment A  
Cover Page

San Joaquin Regional Transit District (RTD)								
Grant Funded Projects								
Active Grants as of 12/31/2022								
#	Award #	Program	Project Description	Grant Award	Total Project Budget	Amount Expended	Amount Remaining	Grant Expiration
1	21-22-D10-127	FFY21-22 Low Carbon Transit Operations Program	BRT Expansion - Midtown Corridor Operating	\$ 1,556,856	\$ 1,964,877	\$ 778,428	\$ 778,428	6/30/2023
2	C-15-023	FFY14-16 Measure K BRT Passenger Amenities	Bus Replacement	\$ 3,223,761	\$ 6,447,522	\$ 2,560,209	\$ 663,552	6/30/2023
3	CA-2018-130-00	FFY16-17 5307-CMAQ Transfer: Bus Replacement Purchase and Midtown BRT Improvements	Bus Replacement Purchase and Midtown BRT Improvements	\$ 6,348,562	\$ 9,271,206	\$ 3,694,360	\$ 2,654,202	6/30/2023
4	CA-2020-048-00	FFY20 5307 Urbanized Area Formula Program - RTD Capital and Operating Projects	Tire Lease, Safety & Security, Preventative Maintenance, Capital Cost of Contracting, Bus Replacement	\$ 5,738,640	\$ 7,172,052	\$ 5,680,262	\$ 58,378	6/30/2023
5	CA-2021-108-00	FFY20 5339(a) Bus and Bus Facilities Formula	Security Bus Video/Cameras which are to be installed on 18 RTD transit vehicles	\$ 653,778	\$ 817,223	\$ -	\$ 653,778	6/30/2023
6	CA-2021-118-00	FFY21 5339(a) Bus and Bus Facilities Formula	Replace an aged diesel-electric hybrid	\$ 636,749	\$ 1,105,131	\$ -	\$ 636,749	6/30/2023
7	64AO19-01226	FFY19 5310 Enhanced Mobility of Seniors & Individuals with Disabilities Formula	Operating assistance for on-demand VanGo! service	\$ 249,529	\$ 249,529	\$ 190,847	\$ 58,682	7/31/2023
8	CA-2020-154-00	FFY17-18 and FFY18-19 5339 Technology Upgrades and Bus Rehabilitation	Fare Vending Machines (FVM), Broadband on Buses and Bus Stops, Bus Rehabilitation	\$ 1,248,000	\$ 1,560,000	\$ 907,297	\$ 340,703	12/31/2023
9	64VO20-01101	FFY20 5311 CARES Formula	Operating Assistance	\$ 1,288,034	\$ 1,288,034	\$ 1,277,350	\$ 10,684	6/30/2024
10	CA-2021-099-00	FFY21 5307 San Joaquin RTD Urbanized Area Capital Projects	Tire Lease, Safety & Security, Preventative Maintenance, Capital Cost of Contracting	\$ 5,909,032	\$ 7,386,291	\$ 5,849,942	\$ 59,090	6/30/2024
11	Pending	FFY22 5339(c) Low or No RTD Disadvantaged Communities Route Expansion Project	RTD's Disadvantaged Communities Route Expansion Project will purchase five (5) hybrid electric buses	\$ 3,994,277	\$ 4,987,604	\$ -	\$ 3,994,277	8/31/2024
12	41900593	City of Stockton's Transformative Climate Communities Implementation Grant	Mechanic Apprenticeship Program	\$ 234,757	\$ 234,757	\$ 196,770	\$ 37,987	9/30/2024

San Joaquin Regional Transit District (RTD)								
Grant Funded Projects - Continued								
Active Grants as of 12/31/2022								
#	Award #	Program	Project Description	Grant Award	Total Project Budget	Amount Expended	Amount Remaining	Grant Expiration
13	C-21-054	Sustainable Transportation Equity Project	The Bike Share Pilot Program will include the design, construction, and implementation of a hybrid bike share system in the Downtown, Miracle Mile, and University of Pacific areas of Stockton. The system will include the deployment of 100 electric bicycles and 12 docking stations. The project will also include equity and marketing components. RTD will partner with Mobility Development to implement the project.	\$ 961,000	\$ 961,000	\$ 218,736	\$ 742,264	12/30/2024
14	64VO20-01340	FFY20 5311 CARES Formula	Operating Assistance	\$ 708,523	\$ 708,523	\$ -	\$ 708,523	6/30/2025
15	CA-2022-093-00	FFY22 5339(a) Bus and Bus Facilities Formula	Improve, upgrade and refurbish RTD facilities and replace (1) service truck that passed its Useful Life Benchmark (ULB)	\$ 623,401	\$ 779,251	\$ -	\$ 623,401	6/30/2025
16	64RO21-01658	FFY21 5311 CRRSAA Formula	Operating Assistance	\$ 1,119,262	\$ 1,119,262	\$ -	\$ 1,119,262	6/30/2026
17	CA-2021-001-00	FFY21 CMAQ Transfer Solar Energy Project and Zero-Emission Electric and Cutaway Bus Purchases	Solar Energy Project and Zero-Emission Electric and Cutaway Bus Purchases	\$ 8,939,212	\$ 11,918,950	\$ 3,626,587	\$ 8,292,362	6/30/2026
18	CA-2021-021-00	FFY21 CMAQ Zero-Emission Electric Bus Replacement	Zero-Emission Electric Bus Replacement	\$ 2,140,000	\$ 2,140,000	\$ -	\$ 2,140,000	6/30/2026
19	CA-2022-094-00	FFY22 5307 San Joaquin RTD Urbanized Area Formula Program	Capital Cost of Contracting for RTD's ADA and Public Transit services, preventive maintenance of RTD's rolling stock and facilities, and purchase of surveillance/security and other security related items.	\$ 7,657,057	\$ 9,571,322	\$ 7,158,762	\$ 498,295	6/30/2026
20	Pending	City of Stockton's Transformative Climate Communities - Hybrid Electric Bus	California Energy Commission	\$ 1,163,309	\$ 1,163,309	\$ -	\$ 1,163,309	9/30/2026

San Joaquin Regional Transit District (RTD)								
Grant Funded Projects - Continued								
Active Grants as of 12/31/2022								
#	Award #	Program	Project Description	Grant Award	Total Project Budget	Amount Expended	Amount Remaining	Grant Expiration
21	Pending	City of Stockton's Transformative Climate Communities - Workforce Development: Apprentice Program	California Energy Commission	\$ 453,844	\$ 453,844	\$ -	\$ 453,844	9/30/2026
22	Pending	5311 American Rescue Plan Act (ARPA)	Operating Assistance	\$ 1,190,000	\$ 1,190,000	\$ -	\$ 1,190,000	Pending



**LEAD STAFF:       ALEX CLIFFORD, CEO**

**PREPARED BY CAPITAL EDGE ADVOCACY, INC.**

**REPORT:            FEDERAL LEGISLATIVE UPDATE**

**DEPARTMENT OF TRANSPORTATION BUDGET**

**December 29, 2022.** In late December, Congress approved, and the President signed into law, a \$1.7 trillion “omnibus” budget bill that allocated funding for every federal agency, including those at the Department of Transportation (DOT), for Fiscal Year (FY) 2023. Passage came almost three months after the official start of the new federal fiscal year on October 1, 2022.

Some transportation of the FY 2023 omnibus budget bill include:

- \$6.54 billion for urbanized area formula grants at the Federal Transit Administration (FTA), an increase of \$130 million (2%) over FY 2022.
- \$2.26 billion for grants for bus purchases and bus facilities at FTA. Congress added \$140 million over authorized levels for these programs in FY 2023, but the “plus-up” was \$65 million less than that of FY 2022, so overall spending is lower in FY 2023 (but still much higher than the years prior to the 2021 infrastructure law).
- \$2.3 billion for the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) discretionary grant program, an increase of \$25 million over the FY 2022 level and \$800 million more than authorized.
- Waives a budget provision, known as the “Rostenkowski Test,” that requires across-the-board cuts to federal transit programs if proceeds from federal gasoline taxes into the federal Highway Trust Fund (HTF) fall short of authorized funding levels for transit. With declining revenues to the HTF, Congress will have to waive this provision – or eliminate it – every year to avoid automatic cuts.
- A provision – sponsored by Senator Alex Padilla -- that allows additional flexibility for states and local governments to use their American Rescue Plan pandemic relief funds for most infrastructure projects: <http://bit.ly/3WM3dEL>.

**Impact on RTD: Federal transit formula funding for the RTD in FY 2023 will likely increase by about 2% as a result of the increase for the urbanized area formula grant program.**

## **118<sup>th</sup> CONGRESS**

**January 3, 2023.** The first session of the two-session 118<sup>th</sup> Congress began, with Members of the House and Senate elected, or re-elected in November being sworn in. By far the highest drama of the week was the vote for the next Speaker of the House. For the first time in over 100 years, a new Speaker was not elected on the first ballot of voting, as Rep. Kevin McCarthy (R-CA) had to sweat through an unprecedented 15 ballots, and make significant promises, to secure the Speaker's gavel.

Speakers are elected once they receive a majority of votes of the entire House (218), and with all 212 House Democrats in attendance voting for Minority Leader Hakeem Jeffries (D-NY) for Speaker, McCarthy could only lose the support of 4 of the 222 House Republicans to get to 218. For the first dozen ballots, McCarthy received far fewer than the 218 needed. While Jeffries consistently received more votes than McCarthy, he was also short of 218, so voting continued until someone reached that magic number.

It was a much quieter scene in the Senate swearing-in, where Senator Democratic leaders will remain the same as they maintained their slim majority in that chamber. Last month, former Democratic Senator Kyrsten Sinema of Arizona became an Independent who will not caucus with Democrats or Republicans in the next Congress, but that did not change the Senate majority. Senator Chuck Schumer (D-NY) will continue as Majority Leader, as will Senator Mitch McConnell (R-KY) as Minority leader.

**Impact on RTD: Information purposes only.**

## **CENSUS**

**December 29, 2022.** The Census Bureau released its designation of urbanized areas (UZAs) based on the 2020 Census Count. After each decennial census, the Census Bureau uses the data gathered to determine what areas of the country are defined as urban and rural: <http://bit.ly/3GcbA59>.

Transit is one of the few areas in which these designations have an impact, as federal transit formula funds are allocated using UZAs. The updated UZAs do not include any changes for San Joaquin County, which include a Stockton UZA, Tracy-Mountain House UZA, Manteca UZA, and Lodi UZA.

Federal law prevents UZAs that serve populations above 200,000 to use federal transit formula funds for operations in most cases, although there are exceptions. The Stockton UZA is the only one of the four mentioned above that population threshold.

**Impact on RTD: No change from current UZA status.**

## FINANCE

**December 23, 2022.** A provision enacted in legislation designed to authorize Defense Department programs will require new standards for entities set updated disclosure standards for the provision of financial information in a “machine readable format.” The bill is likely to result in unfunded mandates on local government entities. The Securities and Exchange Commission will have four years to create and implement guidelines for this mandate. The Government Finance Officers Association has additional information at: <http://bit.ly/3YEX6U2>.

**Impact on RTD: Could be required to purchase new accounting software and change accounting standards to meet the requirements of the new law.**

## INFLATION REDUCTION ACT

**December 2022.** The White House last month unveiled a guidebook that provides background on the provisions of the Inflation Reduction Act (IRA), the tax and climate legislation that was approved by Congress in August 2022: <https://bit.ly/3j7xvmm>.

While the IRA does not include much in the way of direct spending on transportation due to an agreement President Biden made with Senate Republicans when negotiating the 2021 infrastructure law, the measure does include a number of “direct pay” tax credits in the area of renewable energy for which public entities would be eligible for rebates. This includes an extension of the existing alternative fuels tax credit, as well as a tax credit of up to \$40,000 for the purchase of zero emissions commercial vehicles (including buses).

The Internal Revenue Service (IRS) will be issuing guidance on the tax provisions of the IRA in the coming weeks.

The IRA does provide \$3.2 billion for a program at DOT that looks a lot like the Reconnecting Communities Pilot Program at DOT (<http://bit.ly/3wHXSTA>). Created by the Infrastructure Investment and Jobs Act (IIJA), Reconnecting Communities is a competitive grant program designed to address existing transportation facilities that resulted in lost economic opportunities in some areas.

**Impact on RTD: The RTD would be eligible for tax credits in the IRA and could compete for competitive grant funding as well.**



## **FEDERAL GRANT OPPORTUNITIES, AWARDS & NOTICES**

**January 25, 2023:** The FTA is hosting a "Suicide Prevention Webinar:"  
<https://bit.ly/3FPaBaW>

**January 9, 2023:** The FTA announced the FY 2023 round of the \$20 million Areas of Persistent Poverty Program, which provides grants for transit projects or service improvements in historically disadvantaged communities: <http://bit.ly/3k15ddA>

**December 19, 2022:** The FTA announced \$686 million in awards for the All-Stations Accessibility Program (primarily for "legacy" rail agencies) grants: <http://bit.ly/3vJmMI7>

**December 15, 2022:** DOT published a final notice of funding availability for the 2023 round of the RAISE Discretionary grant program. There is \$2.3 billion available, and applications are due on February 28, 2023: <http://bit.ly/3X3y5A9>

**December 5, 2022:** The FTA issued a safety advisory encouraging all rail transit agencies to implement, update, or expand suicide prevention signage and messaging campaigns: <http://bit.ly/3Xb0cxc>.

***Impact on RTD: Information purposes only.***



**LEAD STAFF:**        **ALEX CLIFFORD, CEO**

**PREPARED BY SHAW YODER ANTWH SCHMELZER &  
LANGE**

**MICHAEL PIMENTEL, LEGISLATIVE ADVOCATE  
ALCHEMY GRAHAM, LEGISLATIVE & REGULATORY  
ADVOCATE  
JOSHUA W. SHAW, PARTNER**

**REPORT:**            **STATE LEGISLATIVE UPDATE**

***Legislative Update***

The California Legislature met briefly in the State Capitol on December 5 to conduct formal swearing-in ceremonies for the new class of state legislators. They also adopted operating rules and elected leaders for the 2023 -2024 Regular Session. The Legislature also responded to a recent call from Governor Gavin Newsom for lawmakers to form a special session for the purpose of reviewing a proposal from Governor Newsom's Office to establish more regulatory oversight and a proposed penalty on oil companies when their profits exceed a certain threshold.

On January 4, the Legislature reconvened the 2023-24 Regular Session. On January 10, Governor Gavin Newsom released his proposed Fiscal Year 2023-24 State Budget. The release of the proposed FY 2023- 24 State Budget will initiate months of legislative budget hearings. The Legislative Calendar, which sets the deadlines for the year can be viewed [here](#). Importantly, February 17 marks the last day to introduce bills.

In this report, we provide updates on the Governor's proposed FY 2023-24 state budget, appointments to key committees in both houses, the Assembly leadership change, and existing funding opportunities for zero-emission buses and infrastructure.

**Potential Impact to RTD: N/A – General Update**

***Governor's Proposed FY 2023-24 State Budget***

On January 10, Governor Newsom released his [proposed Fiscal Year 2023-24 State Budget](#). The \$297 billion budget acknowledges that General Fund revenues will be \$29.5 billion lower than the Budget Act of 2022 projections, resulting in a \$22.5 billion budget deficit. Against this backdrop, the budget maintains significant funding for the Administration's top priorities, including education, homelessness, combatting climate change, transportation, infrastructure, wildfires, emergency response, and drought.

However, as described below, the budget advances funding reductions and/or shifts (between funding sources) across several of these priorities.

### Transportation

The Budget Act of 2022 committed \$4 billion for transit and rail (\$2 billion in both FY 2023-24 and 2024- 25) through [trailer bill](#) directed to the [Transit and Intercity Rail Capital Program \(TIRCP\)](#) in addition to the \$3.65 billion approved for the same program in FY 2022-23. The budget proposes to reduce the amount of TIRCP funding to \$1 billion in each fiscal year but indicates the potential to return funding levels to the originally committed \$2 billion annually if the state's fiscal outlook improves in January 2024.

### Zero-Emission Vehicles

The 2021 and 2022 Budget Acts committed \$10 billion over five years for a Zero-Emission Vehicle Funding Package that supports the transition to zero-emission vehicles for light-, medium-duty, and heavy-duty vehicles, including transit buses.

The budget maintains \$8.9 billion (89 percent) of this investment, reflecting a \$2.5 billion General Fund reduction across various ZEV programs, which are partially offset by approximately \$1.4 billion in fund shifts to Cap and Trade funds. *See major adjustments below:*

	General Fund Cut	Greenhouse Gas Reduction Fund Backfill	Net Adjustment	Balance of Remaining Funds
Equitable Zero-Emission Vehicles and Infrastructure	\$745 million	\$535 million	-\$210 million	\$2.1 billion
Heavy Duty Zero-Emission Vehicles and Infrastructure	\$1.5 billion	\$839 million	-\$661 million	\$5.3 billion
Zero-Emission Mobility	\$184 million	\$25 million	-\$159 million	\$180 million
Emerging Opportunities and Federal Programs	\$133 million	\$40 million	-\$93 million	\$1.3 billion
<b>TOTAL</b>	<b>\$2.562 billion</b>	<b>\$1.439 billion</b>	<b>-\$1.123 billion</b>	<b>\$8.8 billion</b>

As of the drafting of this report, additional details on the exact programs and project types that will see funding reductions are not yet available but will be released in subsequent budget documents known as “budget change proposals” in the coming weeks.

### ***Assembly Makes Leadership Change Official***

As we previously reported, the Assembly Democrats met informally in Sacramento to discuss who will lead the Caucus in 2023 and beyond – Assembly Member Robert Rivas (D-Salinas) was vying for the Speakership, while current Speaker Anthony Rendon (D-Lakewood) worked to hold the Assembly’s top spot. On November 10, after a Caucus meeting that lasted close to six hours, it was [revealed](#) that an agreement had been reached which would allow Speaker Rendon to maintain his role until June 30, 2023, at which point “Speaker-elect” Rivas would assume the leadership post.

The agreement was officially ratified with the adoption of [HR 1](#) on December 5.

**Potential Impact to RTD:** This change in Assembly leadership may lead to committee members as well as to the Assembly’s representation on key bodies, like the California Air Resources Board.

### ***Legislative Leaders Make Appointments to Key Committees***

In January, Senate President pro Tempore Toni Atkins (D-San Diego) and Assembly Speaker Anthony Rendon (D-Lakewood) announced the appointment of committee chairs and vice chairs for their respective houses. Below, we highlight chair appointments to various committees with jurisdiction over policy matters impacting RTD. Additionally, in January, pro Tem Atkins has announced full committee rosters for her house. Speaker Rendon has not yet announced full committee rosters for his house.

	Senate – Chairs	Assembly – Chairs
Appropriations	Senator Anthony Portantino (D-La Canada Flintridge)	Assembly Member Chris Holden (D-Pasadena)
Budget	Senator Nancy Skinner (D-Berkeley)	Assembly Member Phil Ting (D-San Francisco)
Budget Subcommittee #2 on Resources, Environmental Protection, and Energy (Sen)	Senator Josh Becker (D-Menlo Park)	N/A
Budget Subcommittee #3 on Climate Crisis, Resources, Energy, and Transportation	N/A	Assembly Member Steve Bennett (D-Ventura)

Budget Subcommittee #5 on Corrections, Public Safety, Judiciary, Labor and Transportation (Sen)	Senator Maria Elena Durazo (D- Los Angeles)	N/A
Energy, Utilities, and Communications (Sen) / Utilities and Energy (Asm)	Senator Steven Bradford (D-Gardena)	Assembly Member Eduardo Garcia (D-Coachella)
Environmental Quality (Sen) / Natural Resources (Asm)	Senator Ben Allen (D-Santa Monica)	Assembly Member Luz Rivas (D-
Governance & Finance (Sen) / Local Government (Asm)	Senator Anna Caballero (D-Merced)	Assembly Member Cecilia Aguiar Curry (D-Winters)
Labor, Public Employment, and Retirement (Sen) / Labor and Employment (Asm)	Senator Dave Cortese (D-San Jose)	Assembly Member Ash Kalra (D- San Jose)
Transportation	Senator Lena Gonzalez (D-Long Beach)	Assembly Member Laura Friedman (D-Burbank)

**Potential Impact to RTD:** With the information currently available, several members of RTD’s legislative delegation have secured position on key committees with jurisdiction over policy matters impacting RTD. Senator Susan Eggman (D-Stockton) will serve on the Senate Budget & Fiscal Review Committee; Senate Energy, Utilities, and Communications Committee. Assembly Member Heath Flora (R-Ripon) will serve as Vice Chair of the Assembly Labor and Employment Committee and the Assembly Natural Resources Committee. As additional information is made available on full committee rosters, we will report on additional appointments for RTD’s legislative delegation.

### ***Grants for Zero-Emission Buses and Infrastructure***

As a standing feature, we provide the following breakdown of funding opportunities for zero-emission buses and charging/refueling infrastructure.

### **Vehicles:**

***Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project – Transit Set-Aside (\$70 million in FY 2021-22)*** – The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) provides point-of-sale discount vouchers to fleet owners to reduce the purchase cost of zero- and near-zero emission trucks and buses operated in California on a first-come/first-served basis.

HVIP is funded

through the state’s Greenhouse Gas Reduction Fund and State General Fund.

**Current Guidelines:** Found [here](#)

**Status:** [Funding cycle for FY 2021-22 remains open](#)

**Vehicles and Infrastructure:**

***Volkswagen Environmental Mitigation Trust (\$130 million total)***- The Volkswagen (VW) Mitigation Trust provides \$130 million in incentives to transit agencies, shuttle bus companies and school districts for the purchase of zero-emission buses and the installation of charging and/or refueling infrastructure on a first-come/first-served basis. The VW Environmental Mitigation Trust is a one-time funding opportunity resulting from a consent decree between the United States Environmental Protection Agency, ARB and VW. Funding from the Trust will be released to transit agencies, shuttle bus companies and school districts in two \$65 million tranches. The second tranche of \$65 million was released in November 2022.

**Current Guidelines:** See Beneficiary Mitigation Plan found [here](#) and certifications found [here](#)

**Status:** [Funding cycle open](#)

**Potential Impact to RTD:** The funding opportunities outlined above support RTD's transition to zero-emission buses, including the buildout of charging/refueling infrastructure.



**LEAD STAFF:**      **ALEX CLIFFORD, CEO**

**I.      RECOMMENDED ACTION:**

Approve the minutes of the December 12, 2022, Regular Board of Directors meeting.

**II.     SUMMARY**

- Staff is providing the meeting minutes of the December 12, 2022, Regular Board of Directors meeting.
- Meeting minutes are recorded after each meeting and will be provided for approval at the following regularly scheduled meeting.

**III.   DISCUSSION/BACKGROUND**

Meeting minutes are prepared by staff and serve as an official public record of actions taken by the Board of Directors. Once approved, minutes are filed and will remain in RTD's archives as documentation of the Board's adherence to RTD's Rules of Procedure. Minutes will be made available to any member of the public upon request.

**IV.    STRATEGIC PLAN PRIORITIES ALIGNMENT**

This recommendation aligns with the Board's Strategic Priority 4.  
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**V.     FINANCIAL CONSIDERATIONS/IMPACT**

None.

**VI.    CHANGES FROM COMMITTEE**

N/A

**VII.   ALTERNATIVES CONSIDERED**

None.



**VIII. ATTACHMENTS**

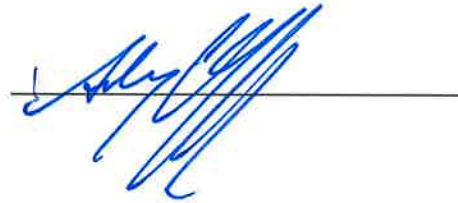
**Attachment A:** Draft minutes of the RTD Board of Directors Regular Meeting  
of December 12, 2022

**Attachment B:** Resolution

Prepared by: Erica Smith, Executive and Board Support Specialist

**IX. APPROVALS**

Alex Clifford, CEO





Attachment A  
Cover Page

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
MONDAY, DECEMBER 12, 2022

The Board of Directors of the San Joaquin Regional Transit District (RTD) held a Regular Meeting at 11:00 A.M. on Monday, December 12, in the Boardroom of RTD's Downtown Transit Center, 421 East Weber Avenue, Stockton, California.

1. CALL MEETING TO ORDER Chair Michael Restuccia called the meeting to order at 11:01 A.M.
2. MOMENT OF SILENCE/REFLECTION Chair Restuccia called for a moment of silence and reflection.
3. SAFETY ANNOUNCEMENT Safety and Security Manager Thomas Mlady made a Safety Announcement.
4. PLEDGE OF ALLEGIANCE TO THE FLAG Joni Bauer led the pledge.
5. ROLL CALL Present: Michael Restuccia, Chair  
Gary Giovanetti, Vice-Chair  
Les Fong, Director  
Balwinder Singh, Director  
Stephan Castellanos, Director  
  
Alex Clifford, CEO  
Al Hoslett, RTD Legal Counsel
6. PUBLIC COMMENTS  
No public comments were received.
7. SPECIAL PRESENTATIONS
  - A. EMPLOYEES OF THE QUARTER  
Special recognition of the Administration, Maintenance, and Transportation Employees of the Quarter.
  - B. YEARS OF SERVICE  
Special recognition to employees for their years of service.
  - C. EMPLOYEE SAFE SERVICE RECOGNITION  
Special recognition of employees for years of safe service.

8. REPORTS

A. CHIEF EXECUTIVE OFFICER UPDATE

CEO Alex Clifford provided an oral update regarding the following topics:

- COVID-19 Update
- Bus Operator Recruitments
- Bus Delivery Delay
- Bus Operator Barriers
- State Legislative Update
- Smartphone Apps
- Employee Personnel Manual Updates

B. MARKETING UPDATE

Supervisor of Marketing and Customer Engagement Maximilian Cao provided an update on recent events.

C. FINANCIAL UPDATE

Finance Manager Ravi Sharma presented the November (Preliminary) Revenue and Expense Summary and Cash Flow Projection.

9. INFORMATION ITEMS

Reports provided for information only:

A. FEDERAL LEGISLATIVE UPDATE

B. STATE LEGISLATIVE UPDATE

10. CONSENT CALENDAR

*The consent calendar was approved as follows with the exception of item 9B Approving disposal or auction of Proterra transit vehicles and direct the CEO to dispose of surplus items in conformance with RTD's Sale Of Surplus Equipment Process And Federal Transit Administration Regulations.*

A. RESOLUTION NO. 6081: APPROVING THE MINUTES OF THE OCTOBER 21, 2022 REGULAR BOARD OF DIRECTORS MEETING

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- C. RESOLUTION NO. 6083: APPROVING DISPOSAL OR AUCTION OF TRANSIT VEHICLES AND DIRECT THE CEO TO DISPOSE OF SURPLUS ITEMS IN CONFORMANCE WITH RTD'S SALE OF SURPLUS EQUIPMENT PROCESS AND FEDERAL TRANSIT ADMINISTRATION REGULATIONS

ACTION: MOTION: Balwinder Singh SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- D. RESOLUTION NO. 6084: AUTHORIZING THE CEO TO EXECUTE AND FILE THE REVISED FISCAL YEAR (FY) 2022 - 2023 TRANSPORTATION DEVELOPMENT ACT (TDA) CLAIM

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- E. RESOLUTION NO. 6085: AUTHORIZING RTD TO JOIN CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY (CALTIP) FOR A PERIOD OF THREE (3) YEARS TO REPLACE AND CONSOLIDATE RTD'S CURRENT VEHICLE PHYSICAL DAMAGE INSURANCE AND GENERAL AND EXCESS LIABILITY INSURANCE PROGRAMS

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- F. RESOLUTION NO. 6086: AUTHORIZING RTD TO JOIN EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA) FOR A PERIOD OF THREE (3) YEARS FOR EMPLOYMENT PRACTICES LIABILITY INSURANCE

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- G. RESOLUTION NO. 6087: AUTHORIZING EXECUTION OF A SECOND AMENDMENT TO THE CONTRACT WITH FIRST ALARM SECURITY AND PATROL, INC. FOR SECURITY GUARD SERVICES WITH AN INCREASE OF \$250,000, FOR ADDITIONAL SECURITY GUARD SERVICES FOR A TOTAL

CONTRACT AMOUNT NOT TO EXCEED \$2,385,031 THROUGH JANUARY 2023

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- H. RESOLUTION NO. 6088: APPROVING A SECOND AMENDMENT TO THE CONTRACT WITH GILLIG, LLC FOR THE PURCHASE OF NINE (9) BATTERY ELECTRIC BUSES (BEBs) TO INCREASE THE CONTRACT BY \$306,396, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$8,702,921, AND TO PROCURE AN ADDITIONAL BEB THROUGH THE STATE OF WASHINGTON COOPERATIVE AGREEMENT WITH GILLIG, LLC , FOR A TOTAL PROJECT NOT TO NOT TO EXCEED AMOUNT OF \$ 9,944,921

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- I. RESOLUTION NO. 6089: APPROVING THE SUBMISSION OF RTD'S FIVE (5) HYBRID ELECTRIC BUS REPLACEMENT PROJECT AS A REGIONAL PRIORITY FOR THE SAN JOAQUIN ONE VOICE 2023 FEDERAL LEGISLATIVE AGENDA

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- J. RESOLUTION NO. 6090: APPROVING THE 2023 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong

Roll Call:

AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos

ABSENT: NAYES: ABSTAIN:

- B. RESOLUTION NO. 6082: APPROVING DISPOSAL OR AUCTION OF PROTERRA TRANSIT VEHICLES AND DIRECT THE CEO TO DISPOSE OF SURPLUS ITEMS IN CONFORMANCE WITH RTD'S SALE OF SURPLUS EQUIPMENT PROCESS AND FEDERAL TRANSIT ADMINISTRATION REGULATIONS

ACTION: MOTION: Balwinder Singh SECOND: Steve Castellanos  
Roll Call:  
AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos  
ABSENT: NAYES: ABSTAIN:

11. ACTION ITEMS

A. RESOLUTION NO. 6091: APPROVING SAN JOAQUIN REGIONAL TRANSIT DISTRICT'S REVISED PROCUREMENT POLICY

ACTION: MOTION: Gary Giovanetti SECOND: Les Fong  
Roll Call:  
AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos  
ABSENT: NAYES: ABSTAIN:

B. RESOLUTION NO. 6092: APPROVING TEMPORARY SERVICE EXPANSION AND IMPROVEMENTS OF ROUTES 566 AND 576 EFFECTIVE JANUARY 2023 FOR UP TO 12 MONTHS, WITH CONTINUATION CONTINGENT ON COMPLETION OF A TITLE VI SERVICE EQUITY ANALYSIS, TO BE COMPLETED IN THE SECOND QUARTER OF 2023

ACTION: MOTION: Les Fong SECOND: Balwinder Singh  
Roll Call:  
AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos  
ABSENT: NAYES: ABSTAIN:

C. RESOLUTION NO. 6093: APPROVING A PROCLAMATION OF APPRECIATION IN HONOR OF MR. AL WARREN HOSLETT FOR 57 YEARS OF DEDICATED SERVICE AS GENERAL COUNSEL OF SAN JOAQUIN REGIONAL TRANSIT DISTRICT

ACTION: MOTION: Les Fong SECOND: Gary Giovanetti  
Roll Call:  
AYES: Restuccia, Giovanetti, Fong, Singh, Castellanos  
ABSENT: NAYES: ABSTAIN:

12. QUESTIONS AND COMMENTS FROM DIRECTORS AND STAFF  
Board members, former RTD CEOs Donna DeMartino and Gloria Salazar, and RTD CEO Alex Clifford commended and thanked Mr. Hoslett for his service and dedication to RTD as General Counsel for the last 57 years.

13. RECESS



14. CLOSED SESSION

Chair Restuccia announced that the Board would recess into Closed Session to consider the following items set forth on the agenda:

A. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

[Paragraph (1) of subdivision (d) of Government Code, Section 54956.9]:

- i. Dewayne Dillion vs. San Joaquin Regional Transit District,  
WCAB: ADJ14075163  
Claim No. SJSR-549355
- ii. Linda Keller vs. San Joaquin Regional Transit District,  
WCAB: ADJ15056949  
Claim No. SJSQ-549342
- iii. Lakeisha Martin vs. San Joaquin Regional Transit District,  
WCAB: ADJ8367882  
Claim No. SJSP-549322

The Board of Directors returned from Closed Session at 1:03 P.M. Upon roll call the following Directors were present:

Michael Restuccia, Chair  
Gary Giovanetti, Vice-Chair  
Les Fong, Director  
Balwinder Singh, Director  
Stephan Castellanos, Director

RTD Legal Counsel, Al Warren Hoslett, reported that no reportable action had been taken during the session.

15. ADJOURNMENT

Chair Restuccia adjourned the meeting at 1:05 P.M.



Attachment B  
Cover Page

RESOLUTION NO. \_\_\_\_  
DATED: JANUARY 20, 2023

RESOLUTION APPROVING THE MINUTES OF THE DECEMBER 12, 2022  
REGULAR BOARD OF DIRECTORS MEETING

RESOLVED AND ORDERED by the RTD Board of Directors that the minutes of the  
Regular Meeting of December 12, 2022 be approved.



**LEAD STAFF:       RAVI SHARMA, FINANCE MANAGER**

**REPORT:           FY2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT  
AND FY2022 SINGLE AUDIT REPORT**

**I.       SUMMARY**

- Brown Armstrong Accountancy Corporation Partner Neeraj Datta presented the FY2022 Annual Comprehensive Financial Report (ACFR) and FY2022 Single Audit Report to the Finance and Audit Committee on January 4.
- After reviewing the audit reports, the Committee endorses the FY2022 ACFR and Single Audit to the Board for approval.

**II.      DISCUSSION/BACKGROUND**

The Finance and Audit Committee and staff met with Brown Armstrong Accountancy Corporation staff to review the FY2022 ACFR and FY2022 Single Audit Report on Wednesday, January 4, 2023.

Brown Armstrong Accountancy Corporation staff provided a presentation to the Committee regarding the FY2022 results of the financial statement and single audit.

The Finance and Audit Committee recommends the FY2022 ACFR and FY2022 Single Audit Report to the Board for approval.

**III.     STRATEGIC PLAN PRIORITIES ALIGNMENT**

This report aligns with the Board's Strategic Priorities 1, 3 and 4.  
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**IV.     FINANCIAL CONSIDERATIONS/IMPACT**

None

**V.       CHANGES FROM COMMITTEE**

N/A

**VI. ALTERNATIVES CONSIDERED**

None

**VII. ATTACHMENTS**

**Attachment A:** FY2022 Annual Comprehensive Financial Report  
**Attachment B:** FY2022 Single Audit Report  
**Attachment C:** Report to the Board of Directors  
**Attachment D:** Brown Armstrong Presentation  
**Attachment E:** Finance and Audit Committee Memo  
**Attachment F:** Resolution

Prepared by: Ravi Sharma, Finance Manager

**VIII. APPROVALS**

Financial Impact Approved:  
Robert Kyle, CFO



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Alex Clifford, CEO



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Attachment A  
Cover Page





# Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2022 and 2021  
County of San Joaquin, California



**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
COUNTY OF SAN JOAQUIN, CALIFORNIA**

**Annual Comprehensive  
Financial Report**

**Fiscal Years Ended  
June 30, 2022 and 2021**

**Prepared by  
FINANCE DEPARTMENT**

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
JUNE 30, 2022 AND 2021**

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## **INTRODUCTORY SECTION**

## **TRANSMITTAL LETTER**





**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**

421 E. Weber Ave. • Stockton, CA 95202 • (209) 943-1111 • (209) 948-8516 Fax • sjRTD.com

December 28, 2022

Board of Directors San Joaquin RTD  
421 East Weber Avenue  
Stockton, CA 95202

It is with pleasure that we submit to you the San Joaquin Regional Transit District (RTD) Annual Comprehensive Financial Report (ACFR) for the fiscal years ending June 30, 2022 and 2021. RTD is required to undergo an annual audit in conformity with the provisions of the Uniform Guidance as it pertains to audits of state and local governments. State law requires that RTD publish audited financial statements within six months of the close of the fiscal year in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of certified public accountants licensed to practice in the State of California.

This report consists of management's representations concerning the finances of RTD. RTD management is responsible for both the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents RTD's financial position and results of operations. Disclosures are included to enable the reader to gain an understanding of RTD's activities.

Brown Armstrong Accountancy Corporation, a firm of licensed certified public accountants, has audited RTD's financial statements as of and for the fiscal years ended June 30, 2022 and 2021. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit includes examination of evidence supporting the amounts and disclosures in the financial statements on a test basis, assessment of the accounting principles used, significant estimates made by management, and evaluation of the overall presentation of the financial statements. The independent auditors' findings are contained in a separate report.

**CHIEF EXECUTIVE OFFICER:** Alex Clifford  
**BOARD OF DIRECTORS:** CHAIR Michael P. Restuccia • VICE CHAIR Gary S. Giovanetti  
Les J. Fong • Balwinder T. Singh • Stephan Castellanos

The independent audit of the financial statements was a part of a broader, federally-mandated "Single Audit" designed to meet the needs of federal grantor agencies.

The standards governing the single audit engagement require the independent auditor to report on the fair presentation of the financial statements, internal control over financial reporting, compliance with federal requirements, and other matters. The audit puts an emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in RTD's Annual Financial Report (provided separately).

GAAP requires that management provide a narrative introduction, financial statements overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). RTD's MD&A immediately follows the report of the independent auditors in the Financial Section. This letter of transmittal is designed to complement the MD&A.

## **PROFILE OF RTD**

RTD is the regional transit provider for San Joaquin County (the County). Established in 1963 as the Stockton Metropolitan Transit District (SMTD), SMTD began providing service in 1965. In 1994, with the expansion of its service area to all of the County, SMTD became San Joaquin Regional Transit District (RTD).

A five-member Board of Directors (Board) governs RTD. The Stockton City Council appoints two members, the County Board of Supervisors appoints two, and the City Council and Board of Supervisors appoint one. RTD is fiscally independent of the City and County insofar as neither makes budget appropriations to RTD.

RTD's operating and capital planning decisions are based on the strategic initiatives contained within its annual Strategic Plan. The mission and vision statements of RTD guide the initiatives. Our primary mission is to provide a safe, reliable, and efficient transportation system for the region. Our vision is to be the transportation service of choice for the residents we serve.

## **FACTORS AFFECTING FINANCIAL CONDITION**

RTD management is responsible for establishing and maintaining a system of internal financial controls to provide reasonable assurance that assets are protected from loss, theft, or misuse. It is also responsible for assuring that adequate accounting controls are in place to provide reasonable assurance as to the accuracy of information and data used to prepare this report. The concept of reasonable assurance in internal controls requires that the cost of implementing a control should not outweigh the benefits likely to be received, and that the valuation of costs and benefits requires estimates and judgment exercised by management.



As the regional transit provider for the County, RTD's role in providing local and regional transit services is continuously evolving to meet its ever-changing environment. RTD commits to providing the highest level of transit service to the greatest number of people within its available resources. To provide a sustainable level of service during the recent economic climate, RTD has restructured its service design and developed a multi-faceted approach to funding. This approach looks beyond existing resources in order to maintain a stable source of revenues through partnerships with local agencies and educational institutions in Stockton; lobbying for increased federal, state, and local resources; and increased marketing efforts.

## **LOCAL ECONOMIC CONDITIONS**

The County has a population of over 789,000 people. The County's population continues to grow at a steady pace while the County's unemployment rate has improved to 5.0%, although it is still high compared to California's average rate of 4.0%

Due to the continuing national labor shortage, RTD's major challenge this past fiscal year has been recruiting and retaining sufficient operators to cover the daily work in operations. We have experienced some disruption of service due to operator shortages. It is imperative that we provide our passengers with the service they expect therefore RTD is committed to its recruiting and training program of operators.

Other challenges also included sustaining its underfunded Defined Benefit Plan. The ever-increasing employee and employer contributions to the Defined Benefit Plan for represented employees and non-represented vested employees also affect RTD's competitiveness as an employer. RTD is committed to finding alternatives in order to provide a sustainable and affordable retirement plan.

There is still significant uncertainty about the long-term economic impact of COVID-19 and how the supply chain issues, inflation, personnel shortages and recession will play out in the future. Stimulus grants were received to replace revenues lost due to the pandemic and an increase in sales tax revenues helped RTD maintain its modified services. RTD is in the process of phased implementation of the Next Gen Study to restore pre-COVID level services.

The health and safety of our customers and employees is RTD's utmost priority. Since the beginning of the pandemic, RTD has worked tirelessly to keep riders and staff safe from COVID-19. RTD is actively working to instill confidence in riders by committing to protecting their health and safety by adding to its already robust cleanliness and sanitization practices of cleaning every bus nightly with an antibacterial and antimicrobial disinfectant solution, the use of maximum strength antibacterial and

antimicrobial disinfectant cleaning solutions at all RTD transit hubs, the use of a sanitizing fog solution on vehicles as a part of its scheduled preventative maintenance program and increased disinfecting practices to include all fare vending machines as an additional precaution.

Despite the above challenges, RTD has been successful in bringing in competitive state and federal funding to the County because of the significance of RTD's projects, RTD's technical capacity to manage funding and deliver high-quality products, and RTD's ability to comply with the governing rules and regulations. In addition, RTD has successfully developed effective, professional, and respectful relationships with its various stakeholders.

The following continuing efforts support RTD's strategic goals:

- Employee development through training and continuing education, employee awards and promotions, and an apprenticeship program.
- Customer satisfaction through improved amenities, passenger access to information and enhanced interaction with customers through social media.
- Financial health through cost containment and revenue-generating activities.
- Operations excellence through improved and innovative services.
- Community relations through education, exposure, visibility, and special marketing campaigns and promotions.
- Continuous improvement through new technology and enhanced processes.

RTD received the following award in fiscal year 2022 which recognized RTD's achievements and performance standards:

1. Government Finance Officers Association (GFOA): Excellence in Financial Reporting Award (19<sup>th</sup> consecutive year)

## **BALANCED FUNDING CONCEPTS**

On an ongoing basis, RTD reviews its strategic goals to determine the operating and capital requirements for the next five to ten years. It is increasingly important to ensure the availability of financial resources to maintain existing levels of service and to fund planned capital and operating expenditures including rolling stock replacement and additional facilities. RTD currently uses three major levels of funding resources:

- Locally-controlled federal and state funding allocations (funding given to local governments and agencies to spend on capital projects and/or operations).
- Federal discretionary funding awards (identified by the Federal Transit Administration for specific projects).
- Locally collected money (e.g., county sales taxes, Measure K, fares).

RTD's capital plan includes investing in a variety of items:

- Upgrading and improving facilities.
- Upgrading communication and IT equipment.
- Upgrading bus and bus technologies.
- Improving passenger amenities.
- Exploring hydrogen fuel cell technology.

## **STATE/FEDERAL LEGISLATIVE UPDATES**

### Infrastructure Investment and jobs Act (IIJA) funding

The Federal Transit Administration (FTA) announced \$1.6 billion in Infrastructure Investment and jobs Act (IIJA) funding through the Buses and Bus Facilities Program and the Low- and No-Emission Vehicle programs. These grants support transit agencies in buying and rehabilitating buses and vans and building bus maintenance facilities. The IIJA provides nearly \$2 billion over five years for the program. For FY 2022, approximately \$550 million was available under this program. The IIJA provides \$5.5 billion over five years for the Low-No Program. For FY 2022, approximately \$1.17 billion was available for grants under this program. RTD received notification on August 10 regarding a grant award for \$3.9 million from the FTA for five hybrid electric buses. The grant award will help RTD replace retired buses and provide service in low-income areas of Stockton with lower emission vehicles.

### CalSTA Releases Final Guidelines

The California State Transportation Agency (CalSTA) released the final program guidelines and a call for projects for the Transit and Intercity Rail Capital Program (TIRCP) – Cycle 6. For this cycle, CalSTA expects to award a minimum of \$1.8 billion to existing TIRCP projects by January 31, 2023. CalSTA will then award funding to new projects through an application period that closes on February 10, 2023. CalSTA expects to announce those awards by April 24, 2023.

This funding opportunity supports RTD's capital program. RTD staff is currently scoping projects to submit under this "new projects" solicitation, and we are working to secure a pre-application evaluation with CalSTA to bolster RTD's success in securing a grant award.

## **BUDGET CONTROLS**

RTD adopts an annual budget that serves as the foundation for financial planning and control. The budget is a financial plan governing the fiscal year's operating and capital investments. For capital projects exceeding one fiscal year, RTD management adopts a project-length budget. The budget matches revenues with the operating and capital project expenses based on adopted policies and direction set by RTD's Board.

The budget process follows three basic steps that provide continuity in decision making:

1. Assess current conditions and needs to develop goals, objectives, policies, and plans.
2. Prioritize projects and develop a work program.
3. Implement identified project plans and evaluate their effectiveness and shortcomings.

RTD maintains budgetary controls to monitor compliance with RTD's authorization and adopted rules. The annual budget is categorized by fund type (operating or capital), and by department (e.g., transportation) and any capital budget transfers require the CEO's approval. Amendments to RTD's budget that occur after Board adoption of the budget for a given fiscal year require Board approval.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Joaquin RTD for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended on June 30, 2021. The Certificate of Achievement is a very prestigious national award that recognizes conformance with the highest standards for preparation of a state or local government financial report. This was the nineteenth consecutive year that RTD has received this award. In order to be eligible for this award, a government unit must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR meets the Certificate of Achievement Program's requirements, and we will submit it to the GFOA to determine eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of several departments, especially Finance. The preparation of this ACFR demonstrates staff's dedication to improve the standard of reporting to the Board of Directors and RTD's stakeholders. I would like to express my appreciation to all RTD staff who assisted and contributed to the preparation of this report.

Respectfully submitted,



Alex Clifford, CEO



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

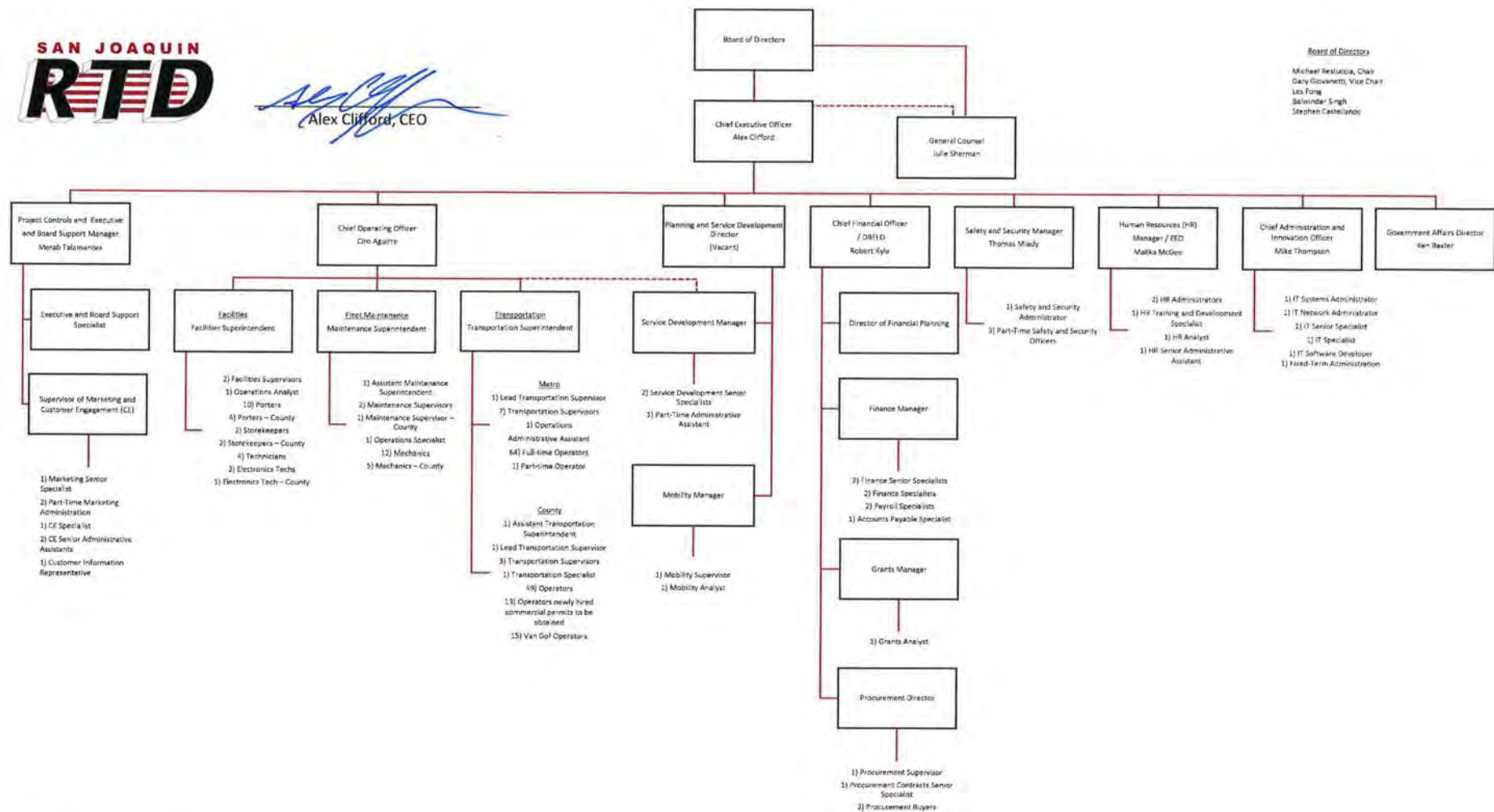
**San Joaquin Regional Transit District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021



*Alex Clifford*  
Alex Clifford, CEO



Revised 12/20/2022



**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL**

**BOARD OF DIRECTORS**

Michael Restuccia	Chair
Gary S. Giovanetti	Vice-Chair
Stephan Castellanos	Director
Les J. Fong	Director
Balwinder T. Singh	Director

**MANAGEMENT AND SENIOR STAFF**

Alex Clifford	Chief Executive Officer
Mike Thompson	Chief Administration and Innovation Officer
Ciro Aguirre	Chief Operating Officer
Robert Kyle	Chief Financial Officer

**BUDGET AND ADMINISTRATIVE STAFF**

Virginia Alcayde	Director of Financial Planning
Ravi Sharma	Finance Manager

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
San Joaquin Regional Transit District  
Stockton, California

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the San Joaquin Regional Transit District (RTD), which comprise the statements of net position as of June 30, 2022 and 2021, the related statements of revenues, expenses, and changes in net position, and cash flows for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the RTD's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of RTD as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the RTD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the RTD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RTD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the RTD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information (RSI), as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Information***

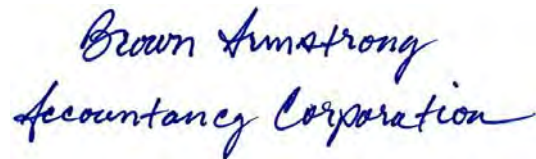
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the RTD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the RTD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RTD's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Stockton, California  
December 28, 2022

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**Introduction**

The following discussion and analysis of the financial performance and activity of the San Joaquin Regional Transit District (RTD) provides an introduction and understanding of the basic financial statements of RTD for the fiscal years ended June 30, 2022 and 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

RTD is the regional transit provider for San Joaquin County (the County). Its primary mission is to provide a safe, reliable, and efficient transportation system for the region. Established in 1963 as the Stockton Metropolitan Transit District (SMTD), SMTD began providing service in 1965. In 1994, with the expansion of its service area to all of the County, SMTD became San Joaquin Regional Transit District (RTD).

A five-member Board of Directors (Board) governs RTD. The Stockton City Council appoints two members, the County Board of Supervisors appoints two members, and the City Council and Board of Supervisors appoint one jointly. RTD is fiscally independent of the City and County insofar as neither makes budget appropriations to RTD.

RTD operates 31 routes in the Stockton Metropolitan Area, including 5 Bus Rapid Transit routes; 5 Countywide routes; 7 Metro Hopper deviated fixed routes throughout the County; and 3 Commuter routes to the Bay Area and Sacramento. RTD's Van Go! service provides service options for County residents with seamless connections within the County. RTD also provides Dial-A-Ride service for persons who, due to their disability, are unable to use fixed-route service. As the Consolidated Transportation Services Agency (CTSA) for the County, RTD provides enhanced mobility and accessibility service options that focus on providing services to seniors and individuals with disabilities. In fiscal year 2022, RTD provided 1.85 million passenger trips.

To provide convenient connections between its routes and services, RTD has four stations in south, central, north, and southeast Stockton: Downtown Transit Center (DTC), Mall Transfer Station (MTS), Hammer Transfer Station (HTS), and Union Transfer Station (UTS), respectively.

RTD has 143 revenue vehicles (99 buses and 44 cutaways), 233 employees (in administration, transportation, and maintenance), working in its three Stockton operations and administrative locations: County Transportation Center (CTC), DTC, and Regional Transportation Center (RTC).

**The Financial Statements**

RTD's basic financial statements include: (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; and (3) the Statement of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The Statement of Net Position reports assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the difference as net position. The entire equity section is combined to report total net position and is displayed in two components: net investment in capital assets and unrestricted net position.

The net asset component of net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any borrowings attributable to the acquisition, construction, or improvements of those assets.

Restricted net position consists of assets where constraints on their use are externally imposed by creditors (such as through debt covenants, if any), grantors, contributors, or laws and regulations of other governments.

Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets. This net position component includes net position that has been designated by management as operating and capital reserves for purposes that may include assets allocated to fund capital projects, reserves for self-insurance, other liabilities, and operations, provided such use is approved by the RTD Board.

Revenues and expenses are categorized as either operating or non-operating based upon the definitions provided by Governmental Accounting Standards Board (GASB) Statements No. 33 and No. 34. Significant recurring resources of RTD's revenues, such as capital contributions, are reported as non-operating revenues.

The Statement of Cash Flows is presented using the direct method and includes a reconciliation of operating cash flows to operating loss.

## Financial Highlights

### Statement of Revenues, Expenses, and Change in Net Position

A summary of RTD's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2022, 2021, and 2020, follows:

	2022	2021	2022 to 2021 Increase/Decrease		2020	2021 to 2020 Increase/Decrease	
			Amount	%		Amount	%
Operating revenues	\$ 1,929,618	\$ 1,571,419	\$ 358,199	23%	\$ 3,373,975	\$ (1,802,556)	-53%
Operating expenses	(42,973,522)	(46,991,679)	4,018,157	-9%	(50,744,315)	3,752,636	-7%
Operating loss	(41,043,904)	(45,420,260)	4,376,356	-10%	(47,370,340)	1,950,080	-4%
Non-operating revenues	53,718,569	51,254,202	2,464,367	5%	40,935,996	10,318,206	25%
Non-operating expenses	(221,270)	(297,570)	76,300	-26%	(373,870)	76,300	-20%
Excess before capital contributions	12,453,395	5,536,372	6,917,023	125%	(6,808,214)	12,344,586	-181%
Capital contributions	5,305,690	5,051,577	254,113	5%	3,596,003	1,455,574	40%
Change in net position	17,759,085	10,587,949	7,171,136	68%	(3,212,211)	13,800,160	-430%
Total net position, beginning of year	103,006,317	92,418,368	10,587,949	11%	95,630,579	(3,212,211)	-3%
Prior period adjustment	(49,056)	-	(49,056)	0%	-	-	0%
Total net position, end of year	\$ 120,716,346	\$ 103,006,317	\$ 17,710,029	17%	\$ 92,418,368	\$ 10,587,949	11%

### Fiscal year 2022 vs. 2021

RTD's fiscal year 2022 net operating revenues increased by \$358,199 or 23% over fiscal year 2021. Fare revenues increased in fiscal year 2022 as a result of increased ridership due to more people getting vaccinated for COVID-19 and the Governor's stay at home order being lifted which led to increased operating revenues. There is also a net increase in auxiliary and non-transportation revenues.

Operating expenses decreased by \$4,018,157 or (9%) primarily due to decreases in a) fringe benefits, b) pension expense, c) insurance, and d) purchased transportation,

- Fringe benefits decreased by \$5,287,784 or (35%) in fiscal year 2022 mainly due to RTD's additional, one-time cash contribution of \$2,733,000 towards the pension fund and additional one-time cash contribution of \$3,307,000 towards the Other Post-Employment Benefits (OPEB) fund to help elevate the funding level in fiscal year 2021.
- Pension expense decreased by \$1,205,000 or (62%) in fiscal year 2022 due to a decrease in the actuarially-determined pension liability in accordance with GASB Statement No. 68.

- c) Insurance expenses decreased by \$1,477,249 or (59%) mainly due to recording an increased accrual in the Payouts for Uninsured Liabilities account in fiscal year 2021.
- d) Purchased Transportation expenses decreased by \$4,316,097 or (69%) mainly due to RTD taking over the contracted County services in fiscal year 2022.

Non-operating revenues primarily consist of operating subsidies from federal, state, and local funding sources. The net increase in non-operating revenues of \$2,464,367 or 5% is primarily due to \$4,643,099 Local Transportation Funds (LTF) that was applied to operations in fiscal year 2022.

Non-operating expenses are made up of long-term loan interest.

Capital contributions increased by \$254,113 or 5% because there were more major projects in fiscal year 2022 compared to fiscal year 2021. Projects for the fiscal year were as follows: Bus Replacement – purchased two commuter busses, Construction – started the Solar Photovoltaic (PV) Panel System, Fuels Infrastructure – eight Gillig bus ChargePoint charges installed. Ongoing projects for the fiscal year were as follows: engine rebuild/replacement, fare collection equipment and passenger amenities improvements.

#### *Fiscal year 2021 vs. 2020*

RTD's fiscal year 2021 net operating revenues decreased by \$1,802,556 or (53%) over fiscal year 2020. As a result of a decline in ridership from the COVID-19 pandemic and the Governor's stay at home order for non-essential workers, fare revenues continued to decrease which led to decreased operating revenues. RTD was deeply impacted by COVID-19 which resulted in reduced service levels. RTD did not enforce fare collection on some of its services from March to August 2020 which contributed to the decline in fare revenues. There was also a net decrease in auxiliary and non-transportation revenues.

Operating expenses decreased by \$3,752,636 or (7%) primarily due to decreases in a) operator's salaries, b) other salaries, c) pension expenses, d) Other Post-Employment Benefits (OPEB) expenses, e) fuel and lubricants costs, f) utilities, g) taxes, h) purchased transportation costs, and i) other expense because RTD operated modified reduced service levels in place of its regular services due to the COVID-19 pandemic.

- a) Operators' salaries decreased by \$524,571 or (14%) in fiscal year 2021 as a result of RTD operating a modified reduced service level in response to the COVID-19 pandemic, which resulted in fewer buses running and less frequency of services.
- b) Other salaries decreased by \$1,016,911 or (14%) in fiscal year 2021 mainly due to a reduction in administrative staff wages. To preserve the business of providing public transit and keep as much of the core functions, RTD reduced in administrative staff levels. The anticipated adverse economic and financial impact of COVID-19 pandemic on sales tax revenues and fare revenues resulted in the reduction of administrative staff levels. Sales tax and fare revenues constitute more than 70% of RTD's operating revenues which were expected to decline between 25-50% in the current and next fiscal year.
- c) Pension expenses decreased by \$3,086,000 or (267%) mainly due to RTD's additional, one-time cash contribution of \$2,733,000 towards the pension fund to help elevate the funding level.
- d) OPEB expenses decreased by \$3,077,000 or (789%) mainly due to RTD's additional one-time cash contribution of \$3,307,000 towards the OPEB fund to help elevate the funding level.
- e) Fuel and lubricant expenses decreased by \$399,438 or (33%) primarily due to operating a modified reduced service level in response to the COVID-19 pandemic, which resulted in fewer buses running and less frequency of services. Fuel expenses decreased also due to lower cost of diesel fuel in fiscal year 2021 compared to fiscal year 2020.

- f) Utilities expenses decreased by \$170,973 or (16%) mainly due to a decrease in electric fuel costs as a result of operating a modified reduced service level in response to the COVID-19 pandemic which resulted in running fewer electric buses and less frequency of services.
- g) Taxes expenses decreased by \$58,836 or (25%) primarily due to a decrease in fuel and lubricant taxes as a result of lower fuel usage and lower fuel costs as compared to fiscal year 2020.
- h) Purchased Transportation expenses decreased by \$2,224,257 or (26%) mainly due to operating a modified reduced service level in response to the COVID-19 pandemic which resulted in fewer buses running and less frequency of services. Contracted service costs for Commuter, Intercity, Metro Hopper, and County Hopper routes were lower compared to fiscal year 2020.
- i) The net decrease in other expenses of \$173,413 or (30%) is mainly due to the following: a \$72,420 reduction in travel and training expenses as a result of COVID-19 pandemic restrictions; a \$52,083 decrease in bank charges due to Bank of Stockton waiving the nonuse fee for the Line of Credit; a \$23,763 reduction in lease revenue vehicle expense because RTD purchased the leased vehicles with capital funds; and a \$20,326 decrease in health and wellness program expenses due to COVID-19 pandemic restrictions.

Non-operating revenues primarily consist of operating subsidies from federal, state, and local funding sources. The net increase in non-operating revenues of \$10,318,206 or 25% is primarily due to \$6,729,172 Federal 5307 Coronavirus Aid, Relief, and Economic Security (CARES) Act grant and \$4,664,652 Local Transportation Funds (LTF) that was applied to operations in fiscal year 2021.

Non-operating expenses are made up of long-term loan interest.

Capital contributions increased by \$1,455,574 or 40% because there were more major projects in fiscal year 2021 compared to fiscal year 2020. One-time projects for the fiscal year were as follows: completed the Fare Vending Machine (FVM) construction, completed installation of Battery Energy Storage System (BESS). Ongoing projects for the fiscal year were as follows: engine rebuild/replacement, tire lease, and passenger amenities improvements.

### Operating and Non-Operating Revenues

Below is a schedule showing major sources of operating and non-operating revenues for the fiscal years ended June 30, 2022, 2021, and 2020:

	2022	2021	2022 to 2021 Increase/Decrease		2020	2021 to 2020 Increase/Decrease	
			Amount	%		Amount	%
Operating revenues by major source							
Passenger	\$ 1,545,337	\$ 1,255,399	\$ 289,938	23%	\$ 2,999,194	\$ (1,743,795)	-58%
Auxiliary	99,324	95,933	3,391	4%	103,533	(7,600)	-7%
Non-transportation	284,957	220,087	64,870	29%	271,248	(51,161)	-19%
Total operating revenues	1,929,618	1,571,419	358,199	23%	3,373,975	(1,802,556)	-53%
Non-operating revenues by major source							
Local property taxes	1,279,993	1,202,130	77,863	6%	1,100,797	101,333	9%
State and local cash grants	36,121,028	32,917,857	3,203,171	10%	29,544,813	3,373,044	11%
Federal cash grants	16,184,981	17,066,076	(881,095)	-5%	10,237,933	6,828,143	67%
Interest and investment income	132,567	67,019	65,548	98%	36,193	30,826	85%
Other non-operating revenues	-	1,120	(1,120)	-100%	16,260	(15,140)	-93%
Total non-operating revenues	53,718,569	51,254,202	2,464,367	5%	40,935,996	10,318,206	25%
Total revenues	\$ 55,648,187	\$ 52,825,621	\$ 2,822,566	5%	\$ 44,309,971	\$ 8,515,650	19%

### *Revenues – Fiscal Year 2022 vs. 2021*

Passenger fares revenue in fiscal year 2022 increased by \$289,938 or 23%. Operating revenues increased primarily due to an increase in fare revenues as a result of an increase in ridership due to more people getting vaccinated for the COVID-19 pandemic and the Governor's stay at home order for non-essential workers being lifted. RTD's ridership continues to increase but is still short of the pre COVID-19 levels.

Auxiliary revenues increased by \$3,391 or 4% due to higher RTD advertising revenue. Non-transportation revenues increased by \$64,870 or 29% primarily due to proceeds received from the auction of retired buses.

Local property tax revenue increased by \$77,863 or 6% due to an increased apportionment to RTD from increasing property values.

The net increase in State and local cash grants of \$3,203,171 or 10% is primarily due to increased final apportionment from Transportation Development Act (TDA) Local Transportation Fund of \$4,643,099 as a result of higher than anticipated revenues received by the State for fiscal year 2022.

Federal cash grants decreased by \$881,095 or (5)% as a result of a net decrease in Federal 5307 CARES Act grant and Federal 5307 American Rescue Plan Act (ARPA) grant in fiscal year 2022.

Interest and investment income increased by \$65,548 or 98% due to overall higher cash balances in fiscal year 2022 as compared to the prior year.

Other non-operating revenues decreased by \$1,120 or (100%) because there were no recoveries from insurance companies and third parties for damaged RTD properties in the current fiscal year.

#### *Revenues – Fiscal Year 2021 vs. 2020*

Passenger fares revenue in fiscal year 2021 decreased by \$1,743,795 or (58%). Operating revenues decreased primarily due to a decline in fare revenues as a result of a decline in ridership due to the COVID-19 pandemic and the Governor's stay at home order for non-essential workers. RTD's ridership declined significantly which resulted in reduced service levels. RTD did not enforce fare collection on some of its services from March to August 2020, which also contributed to the decline in fare revenues.

Auxiliary revenues decreased by \$7,600 or (7%) due to lower RTD advertising revenue. Non-transportation revenues decreased by \$51,161 or (19%) primarily due to decrease in rent revenue from Greyhound Lines, Inc. for renting DTC space. In fiscal year 2021, a contract amendment was executed with Greyhound to charge a lower monthly rent due to a decline in their ridership.

Local property tax revenue increased by \$101,333 or 9% due to an increased apportionment to RTD from increasing property values.

The net increase in State and local cash grants of \$3,373,044 or 11% is primarily due to increased final apportionment from Transportation Development Act (TDA) Local Transportation Fund of \$5,490,000 as a result of higher than anticipated revenues received by the State for fiscal year 2021.

Federal cash grants increased by \$6,828,143 or 67% mainly due to Federal 5307 CARES Act grant applied to fiscal year 2021 operations.

Interest and investment income increased by \$30,826 or 85% due to overall higher cash balances in fiscal year 2021 as compared to the prior year.

Other non-operating revenues decreased by \$15,140 or (93%) because there were fewer recoveries from insurance companies and third parties for damaged RTD properties in the current fiscal year.



Below is a schedule showing the components of operating and non-operating expenses for the fiscal years ended June 30, 2022, 2021, and 2020:

	2022	2021	2022 to 2021 Increase/Decrease		2020	2021 to 2020 Increase/Decrease	
			Amount	%		Amount	%
Operating expenses							
Operators' salaries	\$ 5,396,725	\$ 3,327,804	\$ 2,068,921	62%	\$ 3,852,375	\$ (524,571)	-14%
Other salaries	7,531,719	6,209,345	1,322,374	21%	7,226,256	(1,016,911)	-14%
Fringe benefits	9,968,875	15,256,659	(5,287,784)	-35%	10,383,255	4,873,404	47%
Pension expense	(3,137,000)	(1,932,000)	(1,205,000)	62%	1,154,000	(3,086,000)	-267%
OPEB expense	(607,000)	(3,467,000)	2,860,000	-82%	(390,000)	(3,077,000)	789%
Service expenses	3,628,887	3,272,109	356,778	11%	2,869,122	402,987	14%
Fuel and lubricants	1,382,025	813,096	568,929	70%	1,212,534	(399,438)	-33%
Tires and tubes	9,488	6,214	3,274	53%	6,176	38	1%
Other materials and supplies	1,264,364	835,247	429,117	51%	781,290	53,957	7%
Utilities	996,473	925,823	70,650	8%	1,096,796	(170,973)	-16%
Insurance	1,009,196	2,486,445	(1,477,249)	-59%	1,027,679	1,458,766	142%
Taxes	243,934	180,553	63,381	35%	239,389	(58,836)	-25%
Purchased transportation	1,948,542	6,264,639	(4,316,097)	-69%	8,488,896	(2,224,257)	-26%
Other	777,394	399,688	377,706	95%	573,101	(173,413)	-30%
Depreciation	12,559,900	12,413,057	146,843	1%	12,223,446	189,611	2%
	42,973,522	46,991,679	(4,018,157)	-9%	50,744,315	(3,752,636)	-7%
Non-operating expenses							
Interest expense	221,270	297,570	(76,300)	-26%	373,870	(76,300)	-20%
Total expenses	<u>\$ 43,194,792</u>	<u>\$ 47,289,249</u>	<u>\$ (4,094,457)</u>	<u>-9%</u>	<u>\$ 51,118,185</u>	<u>\$ (3,828,936)</u>	<u>-7%</u>

#### *Expenses – Fiscal Year 2022 vs. 2021*

Total expenses (excluding depreciation, pension, and OPEB expenses) for fiscal year 2022 were \$34,378,892 as compared to \$40,275,192 in fiscal year 2021, which is a net decrease of \$5,896,300 or (15%) from prior year.

Operators' salaries increased by \$2,068,921 or 62% in fiscal year 2022 due to services contracted out for Metro Hopper, County Hopper, Commuter, and Van GO! were being operated directly by RTD and as a result more operators were being hired in fiscal year 2022 to provide these services.

Other salaries increased by \$1,322,374 or 21% in fiscal year 2022 mainly due to services contracted out for Metro Hopper, County Hopper, Commuter, and Van GO! were being operated directly by RTD and as a result more mechanics, electronic technicians, utility workers, storekeepers, supervisors, and specialists were being hired in fiscal year 2022.

Net decrease in fringe benefits of \$5,287,784 or (35%) was primarily due to a one-time cash contribution of \$6,040,000 into the defined benefit plan by RTD in fiscal year 2021.

Pension expenses decreased by \$1,205,000 or (62%) due to a decrease in the actuarially-determined pension liability in accordance with GASB statement No. 68.

OPEB expense increased by \$2,860,000 or (82%) mainly due to a decrease in the actuarially-determined OPEB liability in accordance with GASB statement No. 75.

Service expenses increased by \$356,778 or 11% due to an increase in temporary help expense as a result of contracted services being operated directly by RTD. Temporary help was needed by the Human Resources and Transportation department for all the additional recruitment. Temporary help was needed in the Procurement parts department for procurement of additional parts. The Information Technology and Finance department got temporary help to implement and maintain software and to fill in a vacant position, respectively.

Fuel and lubricant expenses increased by \$568,929 or 70% primarily due to operating more routes in fiscal year 2022 compared to fiscal year 2021 as a result of increased ridership as the COVID-19 pandemic and the Governor's stay at home order for non-essential workers restrictions were lifted. Fuel expenses increased also due to higher cost of diesel fuel in fiscal year 2022 compared to fiscal year 2021.

Tires and tubes reflect non-revenue vehicle tire expenses.

Other materials and supplies increased by \$429,117 or 51% primarily due to the purchase of vehicle parts for revenue vehicles taken over by RTD for contracted services. All repairs were done to meet RTD standards. In fiscal year 2022, RTD did not capitalize materials and supplies due to federal 5307 grant restrictions.

Utilities expenses increased by \$70,650 or 8% mainly due an increase in communications expenses as a result of additional radio system for operators and the dispatch department.

Insurance expenses decreased by \$1,477,249 or (59%) because in fiscal year 2021 an increased accrual in the Payouts for Uninsured Liabilities account was booked for claims that will become due in the future.

Taxes reflect fuel and lubricant taxes, electric power taxes, property assessments, and permits and renewals. The net increase of \$63,381 or 35% was mainly due to an increase in fuel taxes that was a result of higher fuel usage and higher fuel costs.

Purchased Transportation costs decreased by \$4,316,097 or (69%) mainly due to services contracted out for Metro Hopper, County Hopper, Commuter, and Van GO! were being operated directly by RTD in fiscal year 2022.

The net increase in other expenses of \$377,706 or 95% is mainly due to the following: a \$186,013 increase in other recruitment expenses due to RTD paying for executive recruiting services for the following vacant positions: Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Procurement Manager, and Mobility Manager; a \$99,992 increase in travel and training expenses due to COVID-19 pandemic restrictions being lifted; and a \$65,957 increase in other miscellaneous expenses.

Depreciation expense increased by \$146,843 or 1% primarily because of additional revenue vehicle purchases, installations of operator barriers, and the installation of battery depot charges in fiscal year in 2022.

Interest expense is related to the Measure K loan payable.

#### *Expenses – Fiscal Year 2021 vs. 2020*

Total expenses (excluding depreciation, pension, and OPEB expenses) for fiscal year 2021 were \$40,275,192 as compared to \$38,130,739 in fiscal year 2020, which is a net increase of \$2,144,453 or 6% from prior year.

Operators' salaries decreased by \$524,571 or (14%) in fiscal year 2021 as a result of RTD operating a modified reduced service level in response to the COVID-19 pandemic which resulted in fewer buses running and less frequency of services.

Other salaries decreased by \$1,016,911 or (14%) in fiscal year 2021 mainly due to a reduction in administrative staff wages. To preserve the business of providing public transit and keep as much of the core functions, RTD reduced administrative staff levels. The anticipated adverse economic and financial impact of COVID-19 pandemic on sales tax revenues and fare revenues resulted in the reduction of administrative staff levels. Sales tax and fare revenues constitute more than 70% of RTD's operating revenues which were expected to decline between 25-50% in the current and next fiscal year.

Net increase in fringe benefits of \$4,873,404 or 47% was primarily due to a one-time cash contribution of \$6,040,000 into the defined benefit plan by RTD. The funding level of both the pension and OPEB funds are bleak and RTD's projected year-end financial position was favorable, which presented an opportunity to help the plan and provide a nominal decrease in employee contributions.

Pension expense decreased by \$3,086,000 or (267%) mainly due to RTD's additional one-time cash contribution of \$2,733,000 towards the pension fund to help elevate the funding level.

OPEB expense decreased by \$3,077,000 or (789%) mainly due to RTD's additional one-time cash contribution of \$3,307,000 towards the OPEB fund to help elevate the funding level.

Service expenses increased by \$402,987 or 14% due to an increase in management service fees as a result of RTD being the Consolidated Transportation Services Agency (CTSA) for San Joaquin County. The management service provides and coordinates enhanced mobility options for low-mobility groups such as seniors, veterans, and individuals with disabilities who cannot use conventional transit services. Service expenses also increased due to an increase in on-call legal services for contracts and procurement because the Director of Procurement retired in fiscal year 2021.

Fuel and lubricant expenses decreased by \$399,438 or (33%) primarily due to operating a modified reduced service level in response to the COVID-19 pandemic, which resulted in fewer buses running and less frequency of services. Fuel expenses decreased also due to lower cost of diesel fuel in fiscal year 2021 compared to fiscal year 2020.

Tires and tubes reflect non-revenue vehicle tire expenses.

Other materials and supplies increased by \$53,957 or 7% primarily due to COVID-19 safety enhancements of installing temporary driver barriers on all fleet to protect our drivers and passengers.

Utilities expenses decreased by \$170,973 or (16%) mainly due a decrease in electric fuel costs as a result of operating a modified reduced service level in response to the COVID-19 pandemic which resulted in running fewer electric buses and less frequency of services

Insurance expenses increased by \$1,458,766 or 142% due to an increased accrual in the Payouts for Uninsured Liabilities account for claims that will become due in the future.

Taxes reflect fuel and lubricant taxes, electric power taxes, property assessments, and permits and renewals. The net decrease of \$58,836 or (25%) was mainly due to a decrease in fuel taxes that was a result of lower fuel usage and lower fuel costs.

Purchased Transportation costs decreased by \$2,224,257 or (26%) mainly due to operating a modified reduced service level in response to the COVID-19 pandemic, which resulted in fewer buses running and less frequency of services. Contracted service costs for Commuter, Intercity, Metro Hopper, County Hopper, and VanGo! routes were lower compared to fiscal year 2020.

The net decrease in other expenses of \$173,413 or (30%) is mainly due to the following: a \$72,420 reduction in travel and training expenses due to COVID-19 pandemic restrictions; a \$52,083 decrease in bank charges due to Bank of Stockton waiving the nonuse fee for the Line of Credit; a \$23,763 reduction in lease revenue vehicle expense because RTD purchased the leased vehicles with capital funds; and a \$20,326 decrease in health and wellness program expenses due to COVID-19 pandemic restrictions

Depreciation expense increased by \$189,611 or 2% primarily because of additional revenue and non-revenue vehicle purchases, new fare vending machine (FVM) installations, and the Battery Energy Storage System (BESS) installation in fiscal year in 2021.

Interest expense is related to the Measure K loan payable.

## Statements of Net Position

A comparison of RTD's Statements of Net Position as of June 30, 2022, 2021, and 2020 is as follows:

	2022	2021	2022 to 2021 Increase/Decrease		2020	2021 to 2020 Increase/Decrease	
			Amount	%		Amount	%
Current and other assets	\$ 71,128,305	\$ 49,024,834	\$ 22,103,471	45%	\$ 32,977,616	\$ 16,047,218	49%
Capital assets, net of accumulated depreciation	105,019,030	112,241,697	(7,222,667)	-6%	119,577,479	(7,335,782)	-6%
Total assets	176,147,335	161,266,531	14,880,804	9%	152,555,095	8,711,436	6%
Deferred outflows of resources related to pensions	5,411,000	7,013,000	(1,602,000)	-23%	3,398,000	3,615,000	106%
Deferred outflows of resources related to OPEB	914,624	5,117,624	(4,203,000)	-82%	1,091,624	4,026,000	369%
Total deferred outflows of resources	6,325,624	12,130,624	(5,805,000)	-48%	4,489,624	7,641,000	170%
Current liabilities	20,669,598	17,412,348	3,257,250	19%	13,376,147	4,036,201	30%
Long-term liabilities	29,806,678	50,888,152	(21,081,474)	-41%	49,339,867	1,548,285	3%
Total liabilities	50,476,276	68,300,500	(17,824,224)	-26%	62,716,014	5,584,486	9%
Deferred inflows of resources related to pensions	7,212,000	553,000	6,659,000	1204%	683,000	(130,000)	-19%
Deferred inflows of resources related to OPEB	4,068,337	1,537,338	2,530,999	165%	1,227,337	310,001	25%
Total deferred inflows of resources	11,280,337	2,090,338	9,189,999	440%	1,910,337	180,001	9%
Net position							
Net investment in capital assets	99,219,030	104,441,697	(5,222,667)	-5%	109,777,479	(5,335,782)	-5%
Unrestricted	21,497,316	(1,435,380)	22,932,696	-1598%	(17,359,111)	15,923,731	92%
Total net position	\$ 120,716,346	\$ 103,006,317	\$ 17,710,029	17%	\$ 92,418,368	\$ 10,587,949	11%

### June 30, 2022 vs June 30, 2021

Current and other assets increased by \$22,103,471 or 45% as compared to the prior year, primarily due to an increase in cash and cash equivalents received for current fiscal year's operating expenses from federal reimbursements. Increased apportionment from TDA Local Transportation Fund resulted from the State receiving higher-than-anticipated revenues for fiscal year 2022. There was also an increase in receivables because all TDA funds for fiscal year 2022 were not received in the current fiscal year.

Capital assets, net of accumulated depreciation, decreased by \$7,222,667 or (6%) primarily due to an increase in accumulated depreciation because the prior year's capital purchases were placed in service and depreciated for partial year compared to full-year depreciation in fiscal year 2022.

Total deferred outflows of resources decreased by \$5,805,000 or (48%) as compared to the prior year primarily due to the decrease in the net difference between actual and projected earnings on investments related to OPEB by \$4,203,000. The decrease in deferred outflows of resources related to pension also contributed to the overall decrease.

Current liabilities increased by \$3,257,250 or 19% primarily due to an increase in TDA State Transit Assistance (STA) funds being received in advance for next fiscal year's capital projects.

Long-term liabilities decreased by \$21,081,474 or (41%) primarily due to a defined benefit plan-related decrease in net pension and net OPEB liabilities.

Total deferred inflows of resources increased by \$9,189,999 or 440%, primarily due to the increase in the differences between expected and actual experience related to pensions by \$6,659,000, and by the increase in deferred inflows of resources related to OPEB by \$2,530,999.

Net investment in capital assets decreased by \$5,222,667 or (5%), due to increase in accumulated depreciation.

The unrestricted net deficit increased by \$22,932,696 or 1,598% compared to the prior year, mainly due to total revenues of \$55,648,187 exceeding total expenses (excluding depreciation) of \$30,634,892 by \$25,013,295 in fiscal year 2022.

*June 30, 2021 vs June 30, 2020*

Current and other assets increased by \$16,047,218 or 49% as compared to the prior year, primarily due to an increase in cash and cash equivalents received for current fiscal year's operating expenses from federal reimbursements. Increased apportionment from TDA Local Transportation Fund resulted from the State receiving higher-than-anticipated revenues for fiscal year 2021.

Capital assets, net of accumulated depreciation, decreased by \$7,335,782 or (6%) primarily due to an increase in accumulated depreciation because the prior year's capital purchases were placed in service and depreciated for partial year compared to full-year depreciation in fiscal year 2021.

Total deferred outflows of resources increased by \$7,641,000 or 170% as compared to the prior year primarily due to RTD's additional one-time cash contribution of \$2,733,000 towards the pension fund and \$3,307,000 towards the OPEB fund to help elevate the funding level. There was also an increase in the net difference between actual and projected earnings on investments related to pension and OPEB.

Current liabilities increased by \$4,036,201 or 30% primarily due to an increase in accounts payable as a result of purchases of revenue and non-revenue vehicles towards fiscal year end. Current liabilities increased also due to TDA State Transit Assistance (STA) funds being received in advance for next fiscal year's capital projects.

Long-term liabilities increased by \$1,548,285 or 3% primarily due to a defined benefit plan-related increase in net pension and net OPEB liabilities.

Total deferred inflows of resources increased by \$180,001 or 9%, primarily due to the decrease in the differences between expected and actual experience related to pensions by \$130,000, which was offset by the increase in deferred inflows of resources related to OPEB by \$310,001.

Net investment in capital assets decreased by \$5,335,782 or (5%), due to increase in accumulated depreciation.

The unrestricted net deficit decreased by \$15,923,731 or (92%) compared to the prior year, mainly due to total revenues of \$52,825,621 exceeding total expenses (excluding depreciation) of \$34,876,192 by \$17.9 million in fiscal year 2021.

## Capital Assets

Capital assets – net of accumulated depreciation as of June 30, 2022, 2021, and 2020 – are comprised of the following:

	2022	2021	2021 to 2020 Increase/Decrease		2020	2020 to 2019 Increase/Decrease	
			Amount	%		Amount	%
Capital assets not being depreciated							
Land	\$ 11,379,166	\$ 11,379,166	\$ -	0%	\$ 11,379,166	\$ -	0%
Work in process	1,220,594	12,133	1,208,461	9960%	6,003	6,130	102%
Total capital assets not being depreciated	12,599,760	11,391,299	1,208,461	11%	11,385,169	6,130	0%
Capital assets being depreciated							
Buildings	85,901,438	85,857,849	43,589	0%	85,826,177	31,672	0%
Revenue equipment	77,041,994	81,303,811	(4,261,817)	-5%	80,635,448	668,363	1%
Service vehicles, shop, office and other equipment	42,547,242	41,201,172	1,346,070	3%	37,185,732	4,015,440	11%
Total capital assets being depreciated	205,490,674	208,362,832	(2,872,158)	-1%	203,647,357	4,715,475	2%
Less: accumulated depreciation							
Buildings	(27,990,683)	(25,133,343)	(2,857,340)	11%	(22,270,557)	(2,862,786)	13%
Revenue equipment	(50,930,576)	(51,322,716)	392,140	-1%	(45,715,029)	(5,607,687)	12%
Service vehicles, shop, office and other equipment	(34,150,145)	(31,056,375)	(3,093,770)	10%	(27,469,461)	(3,586,914)	13%
Total accumulated depreciation	(113,071,404)	(107,512,434)	(5,558,970)	5%	(95,455,047)	(12,057,387)	13%
Capital assets, net	<u>\$ 105,019,030</u>	<u>\$ 112,241,697</u>	<u>\$ (7,222,667)</u>	<u>-6%</u>	<u>\$ 119,577,479</u>	<u>\$ (7,335,782)</u>	<u>-6%</u>

### June 30, 2022 vs. June 30, 2021

Capital assets, net of accumulated depreciation, decreased by \$7,222,667 or (6%) primarily due to an increase in accumulated depreciation because the prior year's capital purchases were depreciated for a partial year (dependent on when they were placed in service during fiscal year 2021) as compared to a full-year depreciation in fiscal year 2022.

### June 30, 2021 vs. June 30, 2020

Capital assets, net of accumulated depreciation, decreased by \$7,335,782 or (6%) primarily due to an increase in accumulated depreciation because the prior year's capital purchases were depreciated for a partial year (dependent on when they were placed in service during fiscal year 2020) as compared to a full-year depreciation in fiscal year 2021.

See Note 4 for further information.

## Long-Term Debt

Long-term debt as of June 30, 2022, 2021, and 2020, is comprised of the following:

	2022	2021	2022 to 2021 Increase/Decrease		2020	2021 to 2020 Increase/Decrease	
			Amount	%		Amount	%
Measure K loan payable	\$ 5,800,000	\$ 7,800,000	\$ (2,000,000)	-26%	\$ 9,800,000	\$ (2,000,000)	-20%
	<u>\$ 5,800,000</u>	<u>\$ 7,800,000</u>	<u>\$ (2,000,000)</u>	<u>-26%</u>	<u>\$ 9,800,000</u>	<u>\$ (2,000,000)</u>	<u>-20%</u>

### June 30, 2022 vs. June 30, 2021

The total Measure K loan payable balance decreased by \$2,000,000 due to a payment toward the principal during fiscal year 2022. RTD used \$2,000,000 of its Measure K receivable balance to reduce the principal balance of the Measure K loan payable per the agreement.

Line of credit is used only when there are delays in receipt of awarded-fund reimbursements. RTD didn't use any line of credit throughout fiscal year 2022. Line of credit had zero balance in fiscal years 2021 and 2022.

*June 30, 2021 vs. June 30, 2020*

The total Measure K loan payable balance decreased by \$2,000,000 due to a payment toward the principal during fiscal year 2021. RTD used \$2,000,000 of its Measure K receivable balance to reduce the principal balance of the Measure K loan payable per the agreement.

Line of credit is used only when there are delays in receipt of awarded-fund reimbursements. RTD did not use any line of credit throughout fiscal year 2021. Line of credit had zero balance in fiscal years 2020 and 2021.

See Note 8 for further information.

### **Economic Condition, Outlook, and Activity**

RTD's operating and capital planning decisions are based on the strategic initiatives contained within its annual Strategic Plan. RTD's mission and vision statements guide the initiatives. Our primary mission is to provide a safe, reliable, and efficient transportation system for the region. Our vision is to be the transportation service of choice for the residents we serve. RTD operates on a balanced budget.

RTD's operations are funded mostly by sales tax revenues from State and Local sources and operating assistance from Federal sources. RTD closely monitors economic conditions to proactively plan for sustainable operations. As the end of the pandemic is unknown, RTD's economic outlook will be challenging. RTD will evaluate and implement recommendations from the Next Gen system redesign study for improvements to its current transit services. This redesign study will ensure that RTD's future transit system will address the evolving demographics and needs of the region as well as challenges and changes created by the COVID-19 pandemic.

To prepare for a bright, sustainable future, RTD must invest in environmentally-sound infrastructure. RTD's Solar Energy Project is a group of projects that leverage green technologies to boost cost savings, which translates to promoting a fiscally and environmentally sustainable transit system. These investments will also promote improved air quality by supporting RTD's environmental commitment to operate 100% zero-emission buses in Stockton by 2025.

RTD achieved significant accomplishments in fiscal year 2022 that supported its strategic plan. The most notable of which are the following:

1. Placed 2 new Commuter buses into service.
2. Started installation of Gillig bus ChargePoint charges.
3. Started construction on the Solar Photovoltaic (PV) panel system.
4. Completed installation of bike racks on buses.
5. Concluded annual CHP inspections with zero defects and complied with drug and alcohol policies.

### **Contacting RTD's Financial Management**

RTD's financial report is designed to provide RTD's Board of Directors, management, and the public with an overview of RTD's finances. For additional information about this report, please contact CEO Alex Clifford, San Joaquin RTD, 421 East Weber Avenue, Stockton, California 95202

## **BASIC FINANCIAL STATEMENTS**



**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 45,876,790	\$ 28,119,903
Receivables	18,441,322	13,274,526
Materials and supplies inventory	1,762,538	1,005,343
Prepaid expenses and other assets	1,247,655	825,062
Total current assets	67,328,305	43,224,834
Noncurrent assets		
Measure K receivable	3,800,000	5,800,000
Capital assets, nondepreciable	12,599,760	11,391,299
Capital assets, net depreciable	92,419,270	100,850,398
Total noncurrent assets	108,819,030	118,041,697
<b>TOTAL ASSETS</b>	<b>176,147,335</b>	<b>161,266,531</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	5,411,000	7,013,000
OPEB	914,624	5,117,624
Total Deferred Outflows of Resources	6,325,624	12,130,624
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and other liabilities	2,780,621	4,474,088
Accrued payroll and benefits	990,109	759,422
Accrued vacation - current portion	157,968	212,650
Accrued sick leave - current portion	310,833	308,493
Self insurance claims liability - current portion	220,327	340,563
Unearned revenue	14,209,740	9,317,132
Measure K loan payable - current portion	2,000,000	2,000,000
Total Current Liabilities	20,669,598	17,412,348
Noncurrent Liabilities		
Accrued vacation	347,343	347,353
Accrued sick leave	560,599	575,864
Self insurance claims liability	2,962,736	3,289,935
Measure K loan payable	3,800,000	5,800,000
Net pension liability	23,219,000	34,617,000
Net OPEB liability/(asset)	(1,083,000)	6,258,000
Total Noncurrent Liabilities	29,806,678	50,888,152
Total Liabilities	50,476,276	68,300,500
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	7,212,000	553,000
OPEB	4,068,337	1,537,338
Total Deferred Inflows of Resources	11,280,337	2,090,338
<b>NET POSITION</b>		
Net investment in capital assets	99,219,030	104,441,697
Unrestricted	21,497,316	(1,435,380)
Total Net Position	<b>\$ 120,716,346</b>	<b>\$ 103,006,317</b>

The accompanying notes are an integral part of these basic financial statements.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Passenger fares for transit services	\$ 1,545,337	\$ 1,255,399
Auxiliary transportation	99,324	95,933
Non-transportation revenues	<u>284,957</u>	<u>220,087</u>
Total Operating Revenues	<u>1,929,618</u>	<u>1,571,419</u>
Operating Expenses		
Operators' salaries	5,396,725	3,327,804
Other salaries	7,526,719	6,209,345
Fringe benefits	9,968,875	15,256,659
Pension expense	(3,137,000)	(1,932,000)
OPEB expense	(607,000)	(3,467,000)
Service expenses	3,633,887	3,272,109
Fuel and lubricants	1,382,025	813,096
Tires and tubes	9,488	6,214
Other materials and supplies	1,264,364	835,247
Utilities	996,473	925,823
Insurance	1,009,196	2,486,445
Taxes	243,934	180,553
Purchased transportation	1,948,542	6,264,639
Other	777,394	399,688
Depreciation	<u>12,559,900</u>	<u>12,413,057</u>
Total Operating Expenses	<u>42,973,522</u>	<u>46,991,679</u>
Operating Loss	(41,043,904)	(45,420,260)
Nonoperating Revenues (Expenses)		
Local property taxes	1,279,993	1,202,130
State and local cash grants	36,121,028	32,917,857
Federal cash grants	16,184,981	17,066,076
Interest and investment income	132,567	67,019
Recoveries	-	1,120
Interest expense	<u>(221,270)</u>	<u>(297,570)</u>
Total Nonoperating Revenues (Expenses)	<u>53,497,299</u>	<u>50,956,632</u>
Net Income Before Capital Contributions	12,453,395	5,536,372
Capital Contributions		
Grants restricted for capital purposes	<u>5,305,690</u>	<u>5,051,577</u>
Change in Net Position	17,759,085	10,587,949
Total Net Position, Beginning of Year	103,006,317	92,418,368
Prior Period Adjustment	<u>(49,056)</u>	<u>-</u>
Total Net Position, Beginning of Year, as Restated	<u>102,957,261</u>	<u>103,006,317</u>
Total Net Position, End of Year	<u><u>\$ 120,716,346</u></u>	<u><u>\$ 103,006,317</u></u>

The accompanying notes are an integral part of these basic financial statements.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 1,925,660	\$ 1,556,474
Payments to suppliers	(14,187,614)	(13,317,109)
Payments to employers	(23,176,685)	(23,252,400)
<b>Net Cash Used in Operating Activities</b>	<u>(35,438,639)</u>	<u>(35,013,035)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal operating grants received	15,637,063	18,417,581
State and local operating grants received	32,707,424	33,307,779
Taxes received	1,279,993	1,202,130
Interest paid	(221,270)	(297,570)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>49,403,210</u>	<u>52,629,920</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants received	8,996,982	7,037,381
Acquisition of capital assets	(5,337,233)	(5,077,275)
Recoveries for capital assets damaged	-	1,120
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<u>3,659,749</u>	<u>1,961,226</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and investment income received	132,567	67,019
<b>Net Cash Provided by Investing Activities</b>	<u>132,567</u>	<u>67,019</u>
<b>Net Increase in Cash and Cash Equivalents</b>	17,756,887	19,645,130
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>28,119,903</u>	<u>8,474,773</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 45,876,790</u></u>	<u><u>\$ 28,119,903</u></u>

The accompanying notes are an integral part of these basic financial statements.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (41,043,904)	\$ (45,420,260)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation expense	12,559,900	12,413,057
Write-off of capital assets	-	-
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	9,790	(10,971)
Materials and supplies inventory	(757,195)	(66,877)
Prepaid expenses and other assets	(422,593)	4,997
Deferred outflows of resources related to pensions	1,602,000	(3,615,000)
Deferred outflows of resources related to OPEB	4,203,000	(4,026,000)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and other liabilities	(1,742,523)	1,928,585
Accrued payroll and benefits	230,687	41,846
Accrued vacation	(54,692)	43,778
Accrued sick leave	(12,925)	(9,595)
Unearned revenue	(13,748)	(3,974)
Self insurance claims liability	(447,435)	1,465,378
Deferred inflows of resources related to pensions	6,659,000	(130,000)
Deferred inflows of resources related to OPEB	2,530,999	310,001
Net pension liability	(11,398,000)	1,813,000
Net OPEB liability	<u>(7,341,000)</u>	<u>249,000</u>
Net Cash Used in Operating Activities	<u>\$ (35,438,639)</u>	<u>\$ (35,013,035)</u>
SUPPLEMENTAL NONCASH FINANCING AND INVESTING ACTIVITIES:		
Measure K receivable used to reduce Measure K loan payable per agreement	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

The accompanying notes are an integral part of these basic financial statements.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Reporting Entity**

San Joaquin Regional Transit District (RTD) was organized in 1964 as the Stockton Metropolitan Transit District. In 1994, it was renamed the San Joaquin Regional Transit District to better describe its expanded service area. RTD provides local, inter-city and inter-regional public transportation to the residents of San Joaquin County, California (the County). Commuter service to the Bay Area and Sacramento are also provided by RTD. The RTD is governed by a five-member board consisting of two members appointed by the Stockton City Council, two members appointed by the County Board of Supervisors, and one jointly appointed member by the City Council and Board of Supervisors. The RTD is fiscally independent of the City of Stockton and the County insofar as neither makes budget apportionments to RTD.

**B. Measurement Focus, Basis of Accounting, and Presentation**

The financial statements of RTD have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

**Measurement Focus**

The statement of net position and the statement of revenues, expenses, and changes in net position are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with operations are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

In the statement of net position and statement of revenues, expenses, and changes in net position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with RTD's principal ongoing operational activities. Charges to customers represent RTD's principal operating revenues and include passenger fares, special transit fares, and auxiliary transportation. Operating expenses include the cost of operating, maintenance and support of transit services and related capital assets, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and/or expenses.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, RTD may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. RTD's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Measurement Focus, Basis of Accounting, and Presentation (Continued)

#### Basis of Accounting (Continued)

Non-exchange transactions, in which RTD gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis of accounting, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met.

### C. Pooled Cash and Investments

Cash from various governmental agencies is pooled for investment purposes by the County Treasurer. Interest received on the investment is prorated to individual agencies based on their average cash balances.

The County is authorized to deposit cash and invest excess funds by the California Government Code section 53648 et. seq. The funds maintained by the County are either secured by Federal depository insurance or collateralized. These pooled funds are carried at cost, which approximates fair value. The funds are available for withdrawal with a 3-day notice.

### D. Cash and Cash Equivalents

For purposes of the statement of cash flows, RTD considers pooled cash and investments, and deposits in financial institutions (including deposited cash) having an original maturity of three months or less to be cash and cash equivalents.

### E. Investments

RTD reports investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The change in fair value is included in interest and investment income in the statement of revenues, expenses, and changes in net position.

### F. Property Taxes

The County assesses properties, bills for, and collects property taxes per the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by RTD in the fiscal year they are levied.

### G. Materials and Supply Inventory

Inventory is stated at cost. Inventory held by RTD consists of spare bus parts that are consumed by RTD and are not for resale purposes.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### H. Capital Assets

Property and equipment are carried at cost. RTD's capitalization threshold is \$500. Capital assets are depreciated using the straight-line method over the following estimated lives:

	<u>Years</u>
Buildings and structures	10 – 40 years
Revenue equipment	7 – 10 years
Service vehicles, shop, office, and other equipment	5 – 10 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Such costs are included in operating expenses.

### I. Accrued Vacation and Sick Leave

The accrued vacation and sick leave liability are recorded on the statement of net position and is segregated between current and long-term. Changes to the liability are recorded as an increase or decrease to operating expenses on the statement of revenues, expenses, and changes in net position.

Full-time employees accumulate vacation based on length of service. Unused accrued vacation is paid out to employees at the date of termination.

For represented employees, a maximum limit of 239 sick days may be accrued. Upon retirement or termination, an employee will be paid 100% of the value of unused sick leave based upon the wage rate of the employee at the date of retirement or termination. Employees, at their option, may elect to use these funds to pay the cost of the health insurance conversion program, receive the funds in cash, or place the funds into a deferred compensation plan.

After a probationary period, represented employees accrue sick leave according to the following schedule:

<u>Years of Service</u>	<u>Sick Leave Accrual</u>
Less than 1 year worked	1/4 day per month
1 year through 2 years worked	1/2 day per month
2 years or more worked	1 day per month

Beginning with any accumulated balance carried over from prior contracts, which was a maximum of 203 days, the maximum accumulation of sick leave was increased by 12 days each year of the current collective bargaining agreement. The maximum limit was 215 days effective July 1, 2006; 227 days effective July 1, 2007; and 239 days effective July 1, 2008.

Provided that an employee has remaining sick leave of 480 hours, any sick leave in excess thereof can be submitted for payment in September of each year to be paid in December of that year at the wage rate of the employee at that time in cash, into a deferred compensation plan, or at any time during the year can be donated to another employee. Such donations can be made to other employees irrespective of the number of hours of sick leave on mutual agreement of the parties. Non-represented employees accrue 3.69 hours of sick leave per pay period and may not accrue more than 2,080 hours of sick leave at any time.

Upon retirement, employees shall be paid 100% of the value of unused sick leave based upon the wage rate of the employee at the date of retirement. Employees, at their option, may elect to use these funds to pay the cost of the Consolidated Omnibus Budget Reconciliation Act (COBRA) health insurance conversion program, receive the funds in cash, or place the funds into a deferred compensation plan.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **I. Accrued Vacation and Sick Leave** (Continued)

During the fiscal year ended June 30, 2017, the new sick leave law for part-time employees took effect. The law applies to employees who work 30 or more days within a year after they begin employment and complete at least 90 days of employment prior to taking any accrued sick time. Part-time employees accrue 1.33 hours of sick leave per pay period.

### **J. Classification of Revenues and Expenses**

Operating revenues include activities that have the characteristics of exchange transactions such as passenger revenues and advertising revenues.

Operating expenses relate to activities with suppliers and to employees and on behalf of employees and do not result from transactions defined as capital and related financing, noncapital financing, or investing activities.

Non-operating revenues include activities that have the characteristics of nonexchange transactions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Examples of non-operating revenues include sales tax revenues, federal grants and investment income.

Non-operating expenses result from transactions defined as capital and related financing, non-capital financing, or investing activities.

### **K. Unearned Revenue**

Unearned revenue arises when resources are received by RTD before they are earned.

### **L. Federal, State, and Local Grants**

Federal, state and local grants are accounted for in accordance with the purpose for which the grants are intended. Grants for operating assistance and the acquisition of equipment are recorded as revenues in the year in which the related grant eligibility requirements are met. Advances received on grants are recorded as unearned revenue until related grant eligibility requirements are met.

### **M. Pension Plan**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan for Members of the San Joaquin Regional Transit District (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

### **N. Postemployment Benefits Other than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the San Joaquin Regional Transit District Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for short-term investments which are carried at cost, which approximates fair value.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **O. Deferred Outflows and Inflows of Resources**

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

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

### **P. Contributed Capital**

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, capital grants are required to be included in the determination of net income. Capital contributions were \$5,305,690 and \$5,051,577 for the fiscal years ended June 30, 2022 and 2021, respectively.

### **Q. Net Position**

Net position represents the residual interest in RTD's assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is presented in three broad components: net investment in capital assets; restricted; and unrestricted. Net position – net investment in capital assets includes capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are imposed by the third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Operating losses excluding depreciation are funded by operating and capital reserves.

### **R. Funding Sources**

RTD's primary funding sources are as follows:

#### *Transportation Development Act (TDA)*

The TDA provides two sources of funding for public transportation, the Local Transportation Fund (LTF) and the State Transit Assistance (STA) Program. The LTF was created to collect one fourth cent of the State's retail sales tax collected statewide, which ranges from 8.75% - 9.25%. The one fourth cent is returned by the State Board of Equalization to each county based on the amount of tax collected in that county. TDA funds are apportioned, allocated, and paid in accordance with instructions from the State and distributed through the San Joaquin Council of Governments (SJCOG) on an annual basis to RTD for specific transportation purposes. For the fiscal years ended June 30, 2022 and 2021, RTD received and spent apportionments of local transportation funds of \$29,687,763 and \$25,988,224, respectively, to meet, in part, its operating requirements.

The STA Program provides a second source of funding for transportation planning and mass transportation purposes as specified by California Legislation.

#### *Federal Transportation Assistance*

Federal Transportation Assistance represents funding from the Federal Transit Administration (FTA) within the U.S. Department of Transportation to assist local transportation needs.

Under provisions of the FTA, 49 U.S.C. Sections 5309 and 5307, Federal resources are made available for planning, capital and capitalized maintenance, subject to certain limitations. For the fiscal years ended June 30, 2022 and 2021, RTD received and spent federal assistance of \$16,184,981 and \$17,066,076, respectively.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### S. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from those estimates.

### T. Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2022, RTD adopted the following new statements of the Governmental Accounting Standards Board (GASB):

**GASB Statement No. 87 – Leases.** The requirements of this statement are effective for fiscal years beginning after June 15, 2021, and all fiscal years thereafter. (Issued 06/17) There was no effect to the financial statements as a result of implementation of the GASB Statement.

**GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period.** The requirements of this statement are effective for fiscal years beginning after December 15, 2020. Earlier application is encouraged. (Issued 06/18) There was no effect to the financial statements as a result of implementation of the GASB Statement.

**GASB Statement No. 92 – Omnibus 2020.** The requirements of this statement are effective as follows:

- The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of GASB Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of GASB Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for fiscal years beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in fiscal years beginning after June 15, 2021.

Earlier application is encouraged and is permitted by topic. (Issued 01/20) There was no effect to the financial statements as a result of implementation of the GASB Statement.

*Future Accounting Pronouncements* – Recently released standards by GASB affecting future fiscal years are as follows:

**GASB Statement No. 91 – Conduit Debt Obligations.** The requirements of this statement are effective for fiscal years beginning after December 15, 2021. Earlier application is encouraged. (Issued 05/19). RTD will implement this statement when and where applicable.

**GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements.** The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all fiscal years thereafter. (Issued 03/20). RTD will implement this statement when and where applicable.

**GASB Statement No. 96 – Subscription-Based Information Technology Arrangements.** The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all fiscal years thereafter. (Issued 05/20). RTD will implement this statement when and where applicable.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### T. Implementation of New Accounting Pronouncements (Continued)

**GASB Statement No. 99** – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all fiscal years thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all fiscal years thereafter.

Earlier application is encouraged and is permitted by topic. (Issued 04/22). RTD will implement this statement when and where applicable.

**GASB Statement No. 100** – *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. For fiscal years beginning after June 15, 2023, and all fiscal years thereafter. Earlier application is encouraged. (Issued 06/22). RTD will implement this statement when and where applicable.

**GASB Statement No. 101** – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all fiscal years thereafter. Earlier application is encouraged. (Issued 06/22). RTD will implement this statement when and where applicable.

## NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Petty cash	\$ 1,050	\$ 1,050
Workers compensation cash reserve	147,000	62,500
Deposits with financial institutions	2,001,994	2,343,790
Cash and investments pooled with the County Treasurer	<u>43,726,746</u>	<u>25,712,563</u>
Total cash and cash equivalents	<u>\$ 45,876,790</u>	<u>\$ 28,119,903</u>

### County Pool

The fair value of RTD's investment in the County pool is reported in the financial statements at amounts based upon RTD's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)**Investments Authorized by the California Government Code and RTD's Investment Policy**

The table below identifies the investment types that are authorized for RTD by the California Government Code (or RTD's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or RTD's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of RTD, rather than the general provisions of the California Government Code or RTD's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreement	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The funds maintained by the County are either secured by Federal depository insurance or collateralized.

RTD has no formal policy relating to a specific interest rate risk.

Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury does not have a rating provided by a nationally recognized statistical rating organization.

RTD has no formal policy relating to a specific credit risk.

Concentration of Credit Risk

The investment policy of RTD contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represented 5% or more of total RTD investments as of June 30, 2022 and 2021.

## **NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and RTD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California Law also allows financial institutions to secure deposits by pledging first true deed mortgage notes having a value of 150% of the public deposits. The bank balance of cash and cash equivalents on deposit with RTD's financial institutions as June 30, 2022 and 2021, totaled \$2,444,433 and \$2,343,790 of which \$2,194,433 and \$2,122,890, respectively, was not insured by the Federal Deposit Insurance Corporation (FDIC) and were exposed to custodial credit risk.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and RTD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities through the use of mutual funds or government investment pools (such as the County Treasury).

### Fair Value Measurements

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

RTD does not hold investments that are measured at fair value on a recurring basis. RTD's deposit with the County Treasury as of June 30, 2022 and 2021, is reported at the RTD's pro-rata share of the amortized cost provided by the County for the entire portfolio. This amount approximates fair value.

## **NOTE 3 – RECEIVABLES**

Receivables at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Governmental receivables		
Measure K receivable	\$ 2,585,279	\$ 2,005,571
Federal grants receivable	5,898,001	5,350,083
State and local grants receivable	140,395	213,148
TDA funds due from SJCOG	9,233,439	5,548,670
Total governmental receivables	17,857,114	13,117,472
Accounts receivables from customers and users	58,214	68,004
Other receivables	525,994	89,050
Total receivables - current	\$ 18,441,322	\$ 13,274,526
Measure K receivable - non-current	\$ 3,800,000	\$ 5,800,000

Refer to Note 8 for further discussion of the Measure K receivable.

## NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital Assets Not Being Depreciated:					
Land	\$ 11,379,166	\$ -	\$ -	\$ -	\$ 11,379,166
Work in progress	12,133	1,208,461	-	-	1,220,594
Total Capital Assets Not Being Depreciated	11,391,299	1,208,461	-	-	12,599,760
Capital Assets Being Depreciated:					
Buildings	85,857,849	43,589	-	-	85,901,438
Revenue equipment	81,303,811	1,715,445	(5,977,262)	-	77,041,994
Service vehicles, shop, office, and other equipment	41,201,172	2,369,738	(1,023,668)	-	42,547,242
Total Capital Assets Being Depreciated	208,362,832	4,128,772	(7,000,930)	-	205,490,674
Less Accumulated Depreciation for:					
Buildings	(25,133,343)	(2,857,340)	-	-	(27,990,683)
Revenue equipment	(51,322,716)	(5,585,122)	5,977,262	-	(50,930,576)
Service vehicles, shop, office, and other equipment	(31,056,375)	(4,117,438)	1,023,668	-	(34,150,145)
Total Accumulated Depreciation	(107,512,434)	(12,559,900)	7,000,930	-	(113,071,404)
Total Capital Assets, Net	\$ 112,241,697	\$ (7,222,667)	\$ -	\$ -	\$ 105,019,030

Capital assets activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital Assets Not Being Depreciated:					
Land	\$ 11,379,166	\$ -	\$ -	\$ -	\$ 11,379,166
Work in progress	6,003	6,130	-	-	12,133
Total Capital Assets Not Being Depreciated	11,385,169	6,130	-	-	11,391,299
Capital Assets Being Depreciated:					
Buildings	85,826,177	31,672	-	-	85,857,849
Revenue equipment	80,635,448	668,363	-	-	81,303,811
Service vehicles, shop, office, and other equipment	37,185,732	4,371,110	(355,670)	-	41,201,172
Total Capital Assets Being Depreciated	203,647,357	5,071,145	(355,670)	-	208,362,832
Less Accumulated Depreciation for:					
Buildings	(22,270,557)	(2,862,786)	-	-	(25,133,343)
Revenue equipment	(45,715,029)	(5,607,687)	-	-	(51,322,716)
Service vehicles, shop, office, and other equipment	(27,469,461)	(3,942,584)	355,670	-	(31,056,375)
Total Accumulated Depreciation	(95,455,047)	(12,413,057)	355,670	-	(107,512,434)
Total Capital Assets, Net	\$ 119,577,479	\$ (7,335,782)	\$ -	\$ -	\$ 112,241,697

Depreciation expense for the fiscal years ended June 30, 2022 and 2021, totaled \$12,559,900 and \$12,413,057, respectively.

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

Depreciation expense for capitalized expenditures related to capital assets for capital grant purposes for the fiscal years ended June 30, 2022 and 2021, totaled:

	<u>2022</u>	<u>2021</u>
Capitalized wages and benefits	\$ 1,222	\$ 12,873
Tires and tubes	224,461	150,966
Other materials and supplies	<u>221,596</u>	<u>140,930</u>
Total	<u>\$ 447,279</u>	<u>\$ 304,769</u>

**NOTE 5 – ACCOUNTS PAYABLE AND OTHER LIABILITIES**

Accounts payable and other liabilities at June 30, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 2,696,146	\$ 4,356,938
Accrued interest payable	57,923	76,947
Other payables	<u>26,552</u>	<u>40,203</u>
Total	<u>\$ 2,780,621</u>	<u>\$ 4,474,088</u>

**NOTE 6 – ACCRUED VACATION**

The following is a summary of changes in the accrued vacation liability for the fiscal years ended June 30, 2022 and 2021:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Accrued vacation	<u>\$ 560,003</u>	<u>\$ 687,036</u>	<u>\$ (741,728)</u>	<u>\$ 505,311</u>	<u>\$ 157,968</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Accrued vacation	<u>\$ 516,225</u>	<u>\$ 772,255</u>	<u>\$ (728,477)</u>	<u>\$ 560,003</u>	<u>\$ 212,650</u>

**NOTE 7 – ACCRUED SICK LEAVE**

The following is a summary of changes in the accrued sick leave liability for the fiscal years ended June 30, 2022 and 2021:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Accrued sick leave	<u>\$ 884,357</u>	<u>\$ 561,275</u>	<u>\$ (574,200)</u>	<u>\$ 871,432</u>	<u>\$ 310,833</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Accrued sick leave	<u>\$ 893,952</u>	<u>\$ 525,795</u>	<u>\$ (535,390)</u>	<u>\$ 884,357</u>	<u>\$ 308,493</u>

## NOTE 8 – LONG-TERM OBLIGATIONS

### Measure K Loan Payable

In January 2015, RTD entered into a Measure K loan agreement with SJCOG. The total loan amount available to RTD is \$14,500,000. The total loan payable at June 30, 2022 and 2021, amounted to \$5,800,000 and \$7,800,000, respectively. The loan carries an interest rate of 3.815% over an 18-year period. Interest is due semiannually on March 1 and September 1. The principal balance of the loan is deducted annually starting June 30, 2015, pursuant to an agreed-upon amortization schedule. As security for the interest payments, RTD pledges anticipated allocations of Measure K renewal bus transit funds. In an event of a default in payment of any amount, the entire amount shall become due at the option of SJCOG.

Changes in the Measure K loan payable for the fiscal years ended June 30, 2022 and 2021, are as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Measure K loan payable	<u>\$ 7,800,000</u>	<u>\$ -</u>	<u>\$ (2,000,000)</u>	<u>\$ 5,800,000</u>	<u>\$ 2,000,000</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Measure K loan payable	<u>\$ 9,800,000</u>	<u>\$ -</u>	<u>\$ (2,000,000)</u>	<u>\$ 7,800,000</u>	<u>\$ 2,000,000</u>

For the fiscal years ended June 30, 2022 and 2021, interest paid on the Measure K loan payable was \$221,270 and \$297,570, respectively.

Future maturities of the Measure K loan payable at June 30, 2022, were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,000,000	\$ 144,970
2024	3,800,000	68,670
Total	<u>\$ 5,800,000</u>	<u>\$ 213,640</u>

## NOTE 9 – SELF-INSURANCE CLAIMS

RTD is partially self-insured under various risk management programs. RTD is liable for claims relating to public liability up to \$2,000,000. Claims in excess of \$2,000,000 up to \$10,000,000 are insured with commercial carriers. For claims relating to property damage RTD is liable for claims up to \$1,000,000. Claims in excess of \$1,000,000 up to \$10,000,000 are insured with commercial carriers. For workers' compensation, RTD is liable for claims up to \$1,000,000. Claims in excess of \$1,000,000 up to \$10,000,000 are insured with commercial carriers. It is RTD's policy to accrue the estimated liability for the self-insured portion of these claims. The liability is estimated through an actuarial calculation using known pending claims and statistical analyses of historical claims data. Non-incremental claims adjustment expenses have been included as part of the liability.



**NOTE 9 – SELF-INSURANCE CLAIMS** (Continued)

Changes in the self-insurance claims liability for the fiscal years ended June 30, 2022 and 2021, are summarized as follows:

	<u>July 1, 2021</u>	<u>Insured Claims</u>	<u>Claims Paid</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Workers' compensation	\$ 1,757,122	\$ 1,496,256	\$ (1,682,924)	\$ 1,570,454	\$ 63,733
General liability	<u>1,873,376</u>	<u>-</u>	<u>(260,767)</u>	<u>1,612,609</u>	<u>156,594</u>
Totals	<u>\$ 3,630,498</u>	<u>\$ 1,496,256</u>	<u>\$ (1,943,691)</u>	<u>\$ 3,183,063</u>	<u>\$ 220,327</u>

	<u>July 1, 2020</u>	<u>Insured Claims</u>	<u>Claims Paid</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Workers' compensation	\$ 1,808,319	\$ 1,641,781	\$ (1,692,978)	\$ 1,757,122	\$ 149,226
General liability	<u>356,801</u>	<u>1,556,326</u>	<u>(39,751)</u>	<u>1,873,376</u>	<u>191,337</u>
Totals	<u>\$ 2,165,120</u>	<u>\$ 3,198,107</u>	<u>\$ (1,732,729)</u>	<u>\$ 3,630,498</u>	<u>\$ 340,563</u>

There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

**NOTE 10 – UNEARNED REVENUE**

Unearned revenue consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Passenger Fares	\$ 49,562	\$ 63,310
Operating Assistance:		
TDA operating grant funds	175,000	111,829
LTF operating grant funds	1,274,620	763,447
Other operating grant funds	1,659,050	1,018,330
Capital Assistance:		
STA capital grant funds	<u>11,051,508</u>	<u>7,360,216</u>
Total	<u>\$ 14,209,740</u>	<u>\$ 9,317,132</u>

**Operating Assistance and Passenger Fares**

Changes in unearned revenue by funding source for the fiscal years ended June 30, 2022 and 2021, are summarized as follows:

June 30, 2022

	<u>TDA Grant Funds</u>	<u>LCTOP Grant Funds</u>	<u>LTF Grant Funds</u>	<u>Other Grant Funds</u>	<u>Passenger Fares</u>	<u>Total</u>
Excess operating funds at July 1, 2021	\$ 111,829	\$ -	\$ 763,447	\$ 1,018,330	\$ 63,310	\$ 1,956,916
Allocation received	63,171	650,737	862,765	1,623,650	49,562	3,249,885
Interest earned	<u>-</u>	<u>825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>825</u>
Funds available	175,000	651,562	1,626,212	2,641,980	112,872	5,207,626
Eligible costs	<u>-</u>	<u>(651,562)</u>	<u>(351,592)</u>	<u>(982,930)</u>	<u>(63,310)</u>	<u>(2,049,394)</u>
Excess operating funds at June 30, 2022	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 1,274,620</u>	<u>\$ 1,659,050</u>	<u>\$ 49,562</u>	<u>\$ 3,158,232</u>

**NOTE 10 – UNEARNED REVENUE** (Continued)**Operating Assistance and Passenger Fares** (Continued)June 30, 2021

	TDA Grant Funds	LCTOP Grant Funds	LTF Grant Funds	Other Grant Funds	Passenger Fares	Total
Excess operating funds at July 1, 2020	\$ 286,829	\$ -	\$ 471,157	\$ 1,064,956	\$ 67,284	\$ 1,890,226
Allocation received	-	-	633,283	1,355,493	63,310	2,052,086
Interest earned	-	-	-	-	-	-
Funds available	286,829	-	1,104,440	2,420,449	130,594	3,942,312
Eligible costs	(175,000)	-	(340,993)	(1,402,119)	(67,284)	(1,985,396)
Excess operating funds at June 30, 2021	<u>\$ 111,829</u>	<u>\$ -</u>	<u>\$ 763,447</u>	<u>\$ 1,018,330</u>	<u>\$ 63,310</u>	<u>\$ 1,956,916</u>

**Capital Assistance**

Changes in unearned revenue by funding source for the fiscal years ended June 30, 2022 and 2021, were as follows:

June 30, 2022

	STA Grant Funds	PTMISEA Grant Funds	TSSSDRA Grant Funds	Total
Excess capital funds at July 1, 2021	\$ 7,360,216	\$ -	\$ -	\$ 7,360,216
Interest earned	-	-	-	-
Allocation received	5,104,330	-	-	5,104,330
Funds available	12,464,546	-	-	12,464,546
Less eligible costs - capitalized	(1,413,038)	-	-	(1,413,038)
Excess capital funds at June 30, 2022	<u>\$ 11,051,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,051,508</u>

June 30, 2021

	STA Grant Funds	PTMISEA Grant Funds	TSSSDRA Grant Funds	Total
Excess capital funds at July 1, 2020	\$ 5,374,412	\$ -	\$ -	\$ 5,374,412
Interest earned	-	-	-	-
Allocation received	3,649,342	-	-	3,649,342
Funds available	9,023,754	-	-	9,023,754
Less eligible costs - capitalized	(1,663,538)	-	-	(1,663,538)
Excess capital funds at June 30, 2021	<u>\$ 7,360,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,360,216</u>

## NOTE 11 – DEFINED BENEFIT PENSION PLAN

### A. General

#### ***Plan Description and Benefits Provided***

The Retirement Plan for Members of the San Joaquin Regional Transit District, a single-employer defined benefit pension plan (the Plan), provides retirement, health, disability, and death benefits to substantially all of its administrative and contract employees. Employees who retire at or after age 62 with 5 years of credited services are entitled to a retirement benefit, payable monthly for life, equal to 2% of their monthly final compensation times the years of credited service. Final compensation is the average of the 36 consecutive months with the highest earnings. Benefits vest on reaching 5 years of service. Vested employees may retire at or after age 55 with ten years of service and receive reduced retirement benefits, subject to approval of the Retirement Board. In addition, all pension and disability benefits for those employees, who retire at any age, are increased by \$40 per month.

Effective January 1, 2017, all active non-represented and non-vested employees were transitioned from the Plan to the new 401(a) Retirement Savings Plan. See Note 13 for further information.

The Plan issues a publicly available report which may be obtained by contacting RTD Retirement at 421 E Weber Ave, PO Box 201010, Stockton, California 95201.

The Plan's provisions and benefits in effect at June 30, 2022 and 2021, are summarized as follows:

	2022	2021
Benefit formula	2.0% at 62	2.0% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55-62	55-62
Monthly benefits as a % of eligible compensation	2.00%	2.00%
Required employee contribution rate	20.01%	19.32%
Required employer contribution rate	26.17%	24.55%

At June 30, 2021 and 2020 actuarial valuation date, the following employees were covered by the benefit terms of the Plan:

	2022	2021
Receiving benefits	153	150
Entitled but not receiving benefits	33	32
Active employees	125	137
Total	311	319

#### ***Contributions***

The Plan's Board has the authority for establishing and amending the funding policy. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal with frozen initial liability actuarial funding method. The contribution rate in each calendar year is based on the actuarial valuation performed the previous July 1. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**NOTE 11 – DEFINED BENEFIT PENSION PLAN** (Continued)**B. Net Pension Liability**

RTD's net pension liability is measured as the total pension liability, less the Plan's fiduciary net position. The net pension liability of the Plan for the fiscal years ended June 30, 2022 and 2021, were measured as of June 30, 2021 and 2020, respectively, using an annual actuarial valuation date of July 1, 2021 and June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

***Actuarial Assumptions***

The total pension liability in the June 30, 2021 and 2020 actuarial valuation were determined using the following actuarial assumptions:

	2022	2021
Valuation Date	July 1, 2021	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2020
Actuarial Assumptions:		
Discount Rate	5.95% net of investment expenses <sup>(1)</sup>	6.5% net of investment expenses <sup>(1)</sup>
Inflation	2.50%	2.75%
Salary Increases	2.75 % plus merit/longevity increases based on entry age and service (CalPERS 1997-2011 Experience Study for Miscellaneous public agency employees)	3.00 % plus merit/longevity increases based on entry age and service (CalPERS 1997-2011 Experience Study for Miscellaneous public agency employees)
Cost of living increase	0.88% per year	0.92% per year
Long-term investment rate of return	5.95% net of investment expenses based on the 2.50% inflation assumption <sup>(2)</sup>	6.5% net of investment expenses based on the 2.75% inflation assumption <sup>(2)</sup>
Mortality rate table	The Society of Actuaries RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees, respectively, projected fully generational with Society of Actuaries Scale MP-2020.	The Society of Actuaries RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees, respectively, projected fully generational with Society of Actuaries Scale MP-2019.

(1) Assumes employer and employees will contribute actuarially determined contribution rates.

(2) The long-term asset allocation was 54% global equity, 6% real estate, 39% fixed income, and 1% cash.

***Discount Rate***

The discount rate used to measure the total pension liability was 5.95% in 2022 and 6.5% in 2021. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**NOTE 11 – DEFINED BENEFIT PENSION PLAN** (Continued)**B. Net Pension Liability**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	2022		2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	54%	4.56%	54%	4.82%
Real Estate Investment trust	6%	4.06%	6%	3.76%
Fixed Income	39%	0.78%	39%	1.47%
Cash	1%	-0.50%	1%	0.06%
Total	100%		100%	

**C. Changes in Net Pension Liability**

The changes in the net pension liability over the measurement periods reported were as follows:

Measurement Period 2020-21	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 77,431,000	\$ 42,814,000	\$ 34,617,000
Changes in the year:			
Service Cost	1,552,000	-	1,552,000
Interest	4,978,000	-	4,978,000
Changes of Benefits Terms	(2,176,000)		(2,176,000)
Differences Between Expected and Actual Experience	(1,903,000)	-	(1,903,000)
Changes of Assumptions	3,752,000	-	3,752,000
Contribution - Employer	-	4,745,000	(4,745,000)
Contribution - Employee	-	1,412,000	(1,412,000)
Net Investment Income	-	11,580,000	(11,580,000)
Benefit Payments, Including Refunds of Employee Contributions	(4,812,000)	(4,812,000)	-
Administrative Expenses	-	(136,000)	136,000
Net Changes	1,391,000	12,789,000	(11,398,000)
Ending Balance	\$ 78,822,000	\$ 55,603,000	\$ 23,219,000

**NOTE 11 – DEFINED BENEFIT PENSION PLAN** (Continued)C. Changes in Net Pension Liability (Continued)

<u>Measurement Period 2019-20</u>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 75,332,000	\$ 42,528,000	\$ 32,804,000
Changes in the year:			
Service Cost	1,642,000	-	1,642,000
Interest	4,865,000	-	4,865,000
Differences Between Expected and Actual Experience	(622,000)	-	(622,000)
Changes of Assumptions	487,000	-	487,000
Contribution - Employer	-	2,488,000	(2,488,000)
Contribution - Employee	-	1,683,000	(1,683,000)
Net Investment Income	-	492,000	(492,000)
Benefit Payments, Including Refunds of Employee Contributions	(4,273,000)	(4,273,000)	-
Administrative Expenses	-	(104,000)	104,000
Net Changes	2,099,000	286,000	1,813,000
Ending Balance	\$ 77,431,000	\$ 42,814,000	\$ 34,617,000

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability, calculated using the discount rate for the Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	1% Decrease (4.95%)	Discount Rate (5.95%)	1% Increase (6.95%)
Net Pension Liability - 2022	\$ 33,006,000	\$ 23,219,000	\$ 15,035,000
Net Pension Liability - 2021	\$ 44,347,000	\$ 34,617,000	\$ 26,494,000

***Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report.

**NOTE 11 – DEFINED BENEFIT PENSION PLAN** (Continued)**D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the fiscal years ended June 30, 2022 and 2021, RTD recognized pension expense of \$5,488,000 and \$2,813,000, respectively. At June 30, 2022 and 2021, RTD reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2022</u>		<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 33,000	\$ 1,719,000	\$ 232,000	\$ 463,000
Changes of Assumptions	3,027,000	41,000	362,000	90,000
Net Differences between Projected and Actual Earnings on Investments	-	5,452,000	1,674,000	-
Employer Contributions Made Subsequent to the Measurement Date	<u>2,351,000</u>	<u>-</u>	<u>4,745,000</u>	<u>-</u>
Total	<u>\$ 5,411,000</u>	<u>\$ 7,212,000</u>	<u>\$ 7,013,000</u>	<u>\$ 553,000</u>

\$2,351,000 and \$4,745,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended June 30, 2022 and 2021, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (810,000)
2024	(719,000)
2025	(870,000)
2026	<u>(1,753,000)</u>
Total	<u>\$ (4,152,000)</u>

**E. Payable to the Pension Plan**

At June 30, 2022 and 2021, RTD did not have an outstanding amount of contributions to the pension plan required for the fiscal years ended June 30, 2022 and 2021, respectively.

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)*****Plan Description***

The Retirement Plan for Members of the San Joaquin Regional Transit District, a single-employer defined benefit pension plan (the Plan), also provides postretirement health benefits to substantially all of its administrative and contract employees. The Retirement Plan's financial statements and additional reports can be obtained by contacting the Administrative Office at 421 East Weber Avenue, Stockton, CA 95202.

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)***Benefits Provided***

For retirements before August 1, 2010, retirees with at least 30 years of service retiring after age 55, or those with at least 25 years of service retiring after age 62 receive the same medical, dental and vision coverage for themselves and their spouses as active employees. Retirees with 25 years of service retiring before age 62 will receive full benefits upon attainment of age 62, if they have paid for coverage for themselves and their spouses from the date of retirement.

For retirements after August 1, 2010, retirees after age 55 and 25 years of service, the retiree and spouse receive the same medical, dental and vision benefits as current active employees. The retiree pays a fixed dollar amount of the premiums, equal to the same percentage used to calculate the retiree's pension benefit times the active contribution percentage of the premium amount at retirement. The retiree's contribution remains fixed.

***Funding Policy***

The Plan's Retirement Board of Directors has the authority for establishing and amending the funding policy. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal with frozen initial liability actuarial funding method. The contribution rate in each calendar year is based on the actuarial valuation performed the previous July 1.

***Net OPEB Liability/(Asset)***

The Plan's net OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2021.

***Employees Covered by the Benefit Terms***

At June 30, 2021 and 2020 (the actuarial valuation date), the following employees were covered by the benefit terms:

<u>Category</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Inactive employees or beneficiaries currently receiving benefit payments	63	63
Inactive employees entitled to but not yet receiving benefit payment	-	-
Active employees	<u>125</u>	<u>137</u>
Total	<u><u>188</u></u>	<u><u>200</u></u>

***Actuarial Methods and Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the basic financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)**Actuarial Methods and Assumptions** (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability for the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date	June 30, 2021	June 30, 2020
Inflation	2.50%	2.75%
Salary Increases	2.75% plus merit/longevity increases based on entry age and service	3.0% plus merit/longevity increases based on entry age and service
Discount Rate	6.20% net of investment expenses	6.50% net of investment expenses
Healthcare Trend Rates	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.6% for 2023, decreasing to an ultimate rate of 3.75% in 2076	Non-Medicare - 7.00% for 2022, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Kaiser) - 5% for 2022, decreasing to an ultimate rate of 4% in 2076
Mortality Rate	Society of Actuaries RP-2014 Table with Blue and White Collar adjustment for represented and non-represented employees, respectively, projected fully generational with Society of Actuaries Scale MP-2020.	Society of Actuaries RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees, respectively, projected fully generational with Society of Actuaries Scale MP-2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was used and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	June 30, 2022		June 30, 2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	63%	4.56%	63%	4.82%
Real Estate Investment Trust	7%	4.06%	7%	3.76%
Fixed Income	29%	0.78%	29%	1.47%
Cash	1%	-0.50%	1%	0.06%
Total	100%		100%	

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.20% in 2022 and 6.50% in 2021. The projection of cash flows used to determine the discount rate assumed that the employer and members contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was determined to be the long-term expected rate of return on OPEB plan investments.

**Change in the Net OPEB Liability/(Asset)**

The changes in the net OPEB liability/(asset) for the measurement period 2020-21 and 2019-20 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
<u>Measurement Period 2020-21</u>			
Beginning Balance	\$ 12,702,000	\$ 6,444,000	\$ 6,258,000
Changes for the Year:			
Service Cost	277,000	-	277,000
Interest on the Total OPEB Liability	818,000	-	818,000
Changes of Benefit Terms	(67,000)	-	(67,000)
Difference Between Actual and Expected Experience	(1,307,000)	-	(1,307,000)
Changes in Assumptions	(962,000)	-	(962,000)
Contributions - Employer	-	-	-
Contributions - Employer (Implied Subsidy Benefit Payments)	-	3,754,000	(3,754,000)
Contributions - Member	-	260,000	(260,000)
Net Investment Income	-	2,094,000	(2,094,000)
Benefit Payments	(791,000)	(791,000)	-
Administrative Expense	-	(8,000)	8,000
Net Changes	(2,032,000)	5,309,000	(7,341,000)
Ending Balance	\$ 10,670,000	\$ 11,753,000	\$ (1,083,000)
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<u>Measurement Period 2019-20</u>			
Beginning Balance	\$ 12,224,000	\$ 6,215,000	\$ 6,009,000
Changes for the Year:			
Service Cost	284,000	-	284,000
Interest on the Total OPEB Liability	790,000	-	790,000
Difference Between Actual and Expected Experience	875,000	-	875,000
Changes in Assumptions	(753,000)	-	(753,000)
Contributions - Employer	-	576,000	(576,000)
Contributions - Employer (Implied Subsidy Benefit Payments)	-	-	-
Contributions - Member	-	363,000	(363,000)
Net Investment Income	-	14,000	(14,000)
Benefit Payments	(718,000)	(718,000)	-
Administrative Expense	-	(6,000)	6,000
Net Changes	478,000	229,000	249,000
Ending Balance	\$ 12,702,000	\$ 6,444,000	\$ 6,258,000

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)***Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate***

The net OPEB liability of the Plan, as well as what the Plan's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (5.20%) or one percentage point higher (7.20%) follows:

	1% Decrease 5.20%	Discount Rate 6.20%	1% Increase 7.20%
<u>Measurement Period 2020-21</u>			
Net OPEB Liability/(Asset)	<u>\$ 359,000</u>	<u>\$ (1,083,000)</u>	<u>\$ (2,275,000)</u>
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
<u>Measurement Period 2019-20</u>			
Net OPEB Liability/(Asset)	<u>\$ 8,180,000</u>	<u>\$ 6,258,000</u>	<u>\$ 4,701,000</u>

***Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rates***

The net OPEB liability of the Plan, as well as what the Plan's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
<u>Measurement Period 2020-21</u>			
Healthcare Cost Trend Rates			
Net OPEB Liability/(Asset)	<u>\$ (2,338,000)</u>	<u>\$ (1,083,000)</u>	<u>\$ 450,000</u>
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
<u>Measurement Period 2019-20</u>			
Healthcare Cost Trend Rates			
Net OPEB Liability/(Asset)	<u>\$ 4,573,000</u>	<u>\$ 6,258,000</u>	<u>\$ 8,358,000</u>

***OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2022 and 2021, the Plan recognized OPEB expense of \$475,000 and \$261,000, respectively. At June 30, 2022 and 2021, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
<u>June 30, 2022 (Measurement Period 2020-21)</u>		
Contributions Made Subsequent to the Measurement Date	\$ 132,000	\$ -
Differences Between Expected and Actual Experience	609,000	1,743,000
Changes of Assumptions	200,000	1,342,000
Net Difference Between Projected and Actual Earnings on Investments	-	984,000
Total	<u>\$ 941,000</u>	<u>\$ 4,069,000</u>

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)***OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB*** (Continued)

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
<u>June 30, 2021 (Measurement Period 2019-20)</u>		
Contributions Made Subsequent to the Measurement Date	\$ 3,728,000	\$ -
Differences Between Expected and Actual Experience	758,000	876,000
Changes of Assumptions	342,000	662,000
Net Difference Between Projected and Actual Earnings on Investments	<u>290,000</u>	<u>-</u>
Total	<u>\$ 5,118,000</u>	<u>\$ 1,538,000</u>

\* Amounts have been rounded to thousands.

\$132,000 and \$3,728,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/(asset) in the fiscal years ending June 30, 2022 and June 30, 2021, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Fiscal Year Ending June 30,</u>	<u>Recognized Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (657,000)
2024	(734,000)
2025	(763,000)
2026	(675,000)
2027	(358,000)
Thereafter	<u>(73,000)</u>
Total	<u>\$ (3,260,000)</u>

***Payable to the OPEB Plan***

At June 30, 2022 and 2021, RTD did not have an outstanding amount of contributions to the OPEB plan required for the fiscal years ended June 30, 2022 and 2021, respectively.

**NOTE 13 – 401(a) RETIREMENT SAVINGS PLAN*****Plan Description***

In October 2017, RTD's Board approved to transition all active employees who are non-represented and non-vested in the defined benefit pension plan as of December 31, 2017, to the SJRTD 401(a) Retirement Savings Plan (the Plan) effective January 1, 2017. The Plan is a profit-sharing defined contribution plan under section 401(a) of the Internal Revenue Code.

***Eligible Employees***

All non-represented future new hires are eligible to participate in the Plan. Current represented employees and non-represented vested employees will continue participation in the defined benefit pension plan, which will remain open for represented new hires.

#### **NOTE 13 – 401(a) RETIREMENT SAVINGS PLAN (Continued)**

Eligible employees are those employees of RTD, provided they are not considered as excluded employees under the terms of the Plan. The Plan excludes from participation the following categories of employees:

- Employees covered under a collective bargaining agreement
- Employees vested in the RTD Defined Benefit Plan
- Leased employees
- Certain part-time, seasonal, and temporary employees (as defined under the Plan)

#### ***Contributions***

Under the Plan, RTD makes contributions to the Plan on behalf of the employee. Plan participants are eligible to make “pick-up” contributions. Such contributions are made by the employee and “picked-up” and treated as an employer contribution. As a pickup contribution, the employee makes a contribution to the Plan and RTD picks up the related tax liability. Employer contributions may also be made on behalf of eligible participants equal to 10% of Plan compensation. Total contributions are subject to Internal Revenue Service (IRS) maximum limits. Participants may also rollover amounts into the Plan from other qualified retirement plans.

Total contributions to the Plan for the fiscal years ended June 30, 2022 and 2021, amounted to \$554,859 and \$276,709, respectively.

#### ***Vesting***

Plan participants are immediately 100% vested in pick-up contributions and any rollover contributions. Participants become vested in the employer contributions upon completion of three years of vesting service. Certain exceptions to the vesting schedule are specified in the Plan Document.

#### ***Distributions***

Upon termination of service, a participant with a vested account balance in excess of \$5,000 may elect to receive any one of the following: (a) a lump-sum amount equal to the entire vested account balance, (b) partial distribution if permitted by Plan Administrator, or (c) rollover all (or any portion) of distribution to another qualified plan. If the vested account balance is \$5,000 or less, a participant may elect to receive a lump-sum amount or may elect to rollover the distribution to another qualified plan.

#### **NOTE 14 – COMMITMENTS AND CONTINGENCIES**

##### **Lawsuits**

RTD is involved in various claims and litigation arising in the ordinary course of its operations. RTD management, after consultation with RTD’s General Counsel, believes that they have sufficient insurance coverage so that resolution of such matters will not have a material effect on RTD’s financial position or results of operations as of and for the fiscal year ended June 30, 2022.

##### **Federal and State Grant Programs**

RTD participates in Federal and State grant programs. These programs were audited in accordance with the provisions of the Uniform Guidance and applicable state requirements. No cost disallowance is expected as a result of these audits; however, these programs may be subject to further examination by the grantors. Awards which may be disallowed by the granting agencies, if any, cannot be determined at this time. Management expects such amounts, if any, to be immaterial.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES** (Continued)**Construction Commitments**

RTD has entered into various contracts for the purchase of materials, professional and non-professional services for construction projects. At June 30, 2022 and 2021, construction commitments totaled \$2,434,995 and \$963,548, respectively.

**NOTE 15 – SENATE BILL 1 (SB 1) – STATE OF GOOD REPAIR**

The Road Repair and Accountability Act of 2017, SB 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair (SGR) program. This program provides funding of approximately \$105 million annually to the State Transit Assistant Account. These funds are to be made available for eligible transit maintenance, rehabilitation, and capital projects.

This program demonstrates California's commitment to clean, sustainable transportation, and the role that public transit plays in that vision. While SB 1 addresses a variety of transportation needs, this program has a specific goal of keeping transit systems in a state of good repair, including the purchase of new transit vehicles, the maintenance and rehabilitation of transit facilities and vehicles. These investments will lead to cleaner transit vehicle fleets, increased reliability and safety, and reduced greenhouse gas emissions and other pollutants.

In the fiscal years ended June 30, 2022 and 2021, RTD received SGR funds of \$826,712 and \$575,140, respectively.

**NOTE 16 – PRIOR PERIOD ADJUSTMENT**

Net Position at July 1, 2021, as previously stated	\$ 103,006,317
Expenditures not previously recognized	<u>(49,056)</u>
Net Position at July 1, 2021, as restated	<u>\$ 102,957,261</u>

**NOTE 17 – SUBSEQUENT EVENTS**

RTD has evaluated events subsequent to June 30, 2022, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 28, 2022, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that, no subsequent events occurred that require recognition or additional disclosure in the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**AS OF JUNE 30, 2022**  
**LAST 10 YEARS\***

Reporting Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement Period	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Changes in Total Pension Liability</b>								
Service Cost	\$ 1,552,000	\$ 1,642,000	\$ 1,536,000	\$ 1,578,000	\$ 1,503,000	\$ 1,912,000	\$ 1,702,000	\$ 1,397,000
Interest	4,978,000	4,865,000	4,723,000	4,525,000	4,562,000	4,610,000	4,031,000	3,837,000
Difference Between Expected and Actual Experience	(1,903,000)	(622,000)	71,000	739,000	(343,000)	(3,148,000)	2,402,000	414,000
Changes in Assumptions	3,752,000	487,000	(188,000)	-	2,379,000	-	3,171,000	1,718,000
Benefit Payments, Including Refunds of Member Contributions	(4,812,000)	(4,273,000)	(3,879,000)	(3,623,000)	(3,832,000)	(3,457,000)	(3,045,000)	-
Changes of Benefit Terms (401(a) Plan Participants)	<u>(2,176,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,000)</u>	<u>-</u>	<u>(2,905,000)</u>
Net Changes	1,391,000	2,099,000	2,263,000	3,219,000	4,269,000	(96,000)	8,261,000	4,461,000
Total Pension Liability - Beginning of Year	<u>77,431,000</u>	<u>75,332,000</u>	<u>73,069,000</u>	<u>69,850,000</u>	<u>65,581,000</u>	<u>65,677,000</u>	<u>57,416,000</u>	<u>52,955,000</u>
Total Pension Liability - End of Year	<u>\$ 78,822,000</u>	<u>\$ 77,431,000</u>	<u>\$ 75,332,000</u>	<u>\$ 73,069,000</u>	<u>\$ 69,850,000</u>	<u>\$ 65,581,000</u>	<u>\$ 65,677,000</u>	<u>\$ 57,416,000</u>
<b>Changes in Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 4,745,000	\$ 2,488,000	\$ 2,367,000	\$ 1,934,000	\$ 1,952,000	\$ 1,970,000	\$ 1,703,000	\$ 1,576,000
Contributions - Employee	1,412,000	1,683,000	1,556,000	1,402,000	1,594,000	1,662,000	1,384,000	1,269,000
Net Investment Income	11,580,000	492,000	1,954,000	2,880,000	4,308,000	(86,000)	250,000	4,989,000
Benefit Payments, Including Refunds of Member Contributions	(4,812,000)	(4,273,000)	(3,879,000)	(3,623,000)	(3,832,000)	(3,457,000)	(3,045,000)	(2,905,000)
Administrative Expenses	<u>(136,000)</u>	<u>(104,000)</u>	<u>(103,000)</u>	<u>(104,000)</u>	<u>(79,000)</u>	<u>(199,000)</u>	<u>(112,000)</u>	<u>(122,000)</u>
Net Changes	12,789,000	286,000	1,895,000	2,489,000	3,943,000	(110,000)	180,000	4,807,000
Fiduciary Net Position - Beginning of Year	<u>42,814,000</u>	<u>42,528,000</u>	<u>40,633,000</u>	<u>38,144,000</u>	<u>34,201,000</u>	<u>34,311,000</u>	<u>34,131,000</u>	<u>29,324,000</u>
Fiduciary Net Position - End of Year	<u>\$ 55,603,000</u>	<u>\$ 42,814,000</u>	<u>\$ 42,528,000</u>	<u>\$ 40,633,000</u>	<u>\$ 38,144,000</u>	<u>\$ 34,201,000</u>	<u>\$ 34,311,000</u>	<u>\$ 34,131,000</u>
Net Pension Liability - End of Year	<u>\$ 23,219,000</u>	<u>\$ 34,617,000</u>	<u>\$ 32,804,000</u>	<u>\$ 32,436,000</u>	<u>\$ 31,706,000</u>	<u>\$ 31,380,000</u>	<u>\$ 31,366,000</u>	<u>\$ 23,285,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.54%	55.29%	56.45%	55.61%	54.61%	52.15%	52.24%	59.45%
Covered Payroll	\$ 8,170,000	\$ 9,157,000	\$ 9,539,000	\$ 8,122,000	\$ 8,672,000	\$ 11,389,000	\$ 10,355,000	\$ 9,960,000
Net Pension Liability as a Percentage of Covered Payroll	284.20%	378.04%	343.89%	399.36%	365.61%	275.53%	302.91%	233.79%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN  
AS OF JUNE 30, 2022  
LAST 10 YEARS\***

Measurement Period	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 2,351,000	\$ 2,012,000	\$ 2,488,000	\$ 2,367,000	\$ 1,934,000	\$ 1,952,000	\$ 2,028,000	\$ 1,703,000	\$ 1,576,000
Contributions in Relation to the Actuarially Determined Contributions	2,351,000	4,745,000	2,488,000	2,367,000	1,934,000	1,952,000	2,028,000	1,703,000	1,576,000
Contribution Deficiency (Excess)	\$ -	\$ (2,733,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 8,327,000	\$ 8,170,000	\$ 9,157,000	\$ 9,539,000	\$ 8,122,000	\$ 8,672,000	\$ 11,389,000	\$ 10,355,000	\$ 9,960,000
Contribution as a Percentage of Covered Payroll	28.23%	58.08%	27.17%	24.81%	23.81%	22.51%	17.81%	16.45%	15.82%

**Notes to Schedule:**

Valuation date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2013	July 1, 2012
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Method and assumptions used to calculate actuarially determined contribution:

Discount Rate	5.95% net of investment expenses
Inflation Rate	2.75%
Administrative Expenses	Average: prior 3 years
Actuarial Cost Method	Entry-Age Normal, level percent of payroll
Amortization Method	17 year amortization (closed period) from 2021/22, level % of pay
Employer and Employee Contributions	Total contributions are shared evenly between employer and employee, except the employer pays full costs attributable to death and disability benefits, and a small portion of prior frozen UAAL. PEPRA members pay a Normal Cost rate that is ½ of the total Normal Cost.
All Other Assumptions	Same as those used to develop the Total Pension Liability, 7/1/2020 valuation basis

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT**  
**BENEFITS (OPEB) LIABILITY/(ASSET) AND RELATED RATIOS**  
**JUNE 30, 2022**  
**LAST 10 YEARS\***

Reporting Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Period	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 277,000	\$ 284,000	\$ 262,000	\$ 266,000	\$ 254,000
Interest on Total OPEB Liability	818,000	790,000	820,000	828,000	795,000
Changes of Benefit Terms	(67,000)	-	-	-	-
Difference Between Expected and Actual Experience	(1,307,000)	875,000	(853,000)	(570,000)	62,000
Changes in Assumptions	(962,000)	(753,000)	(43,000)	-	910,000
Benefit Payments, including Implied Subsidy	<u>(791,000)</u>	<u>(718,000)</u>	<u>(645,000)</u>	<u>(629,000)</u>	<u>(660,000)</u>
Net Change in Total OPEB Liability	(2,032,000)	478,000	(459,000)	(105,000)	1,361,000
Total OPEB Liability - Beginning of Year	<u>12,702,000</u>	<u>12,224,000</u>	<u>12,683,000</u>	<u>12,788,000</u>	<u>11,427,000</u>
Total OPEB Liability - End of Year	<u><u>\$ 10,670,000</u></u>	<u><u>\$ 12,702,000</u></u>	<u><u>\$ 12,224,000</u></u>	<u><u>\$ 12,683,000</u></u>	<u><u>\$ 12,788,000</u></u>
<b>Changes in Plan Fiduciary Net Position</b>					
Net Investment Income	\$ 2,094,000	\$ 14,000	\$ 249,000	\$ 424,000	\$ 650,000
Contributions - Employer	3,754,000	576,000	461,000	371,000	202,000
Contributions - Employer (Implied Subsidy Benefit Payments)	-	-	123,000	122,000	137,000
Contributions - Employee	260,000	363,000	382,000	330,000	188,000
Benefit Payments, Cash	(791,000)	(718,000)	(522,000)	(507,000)	(523,000)
Benefit Payments, Implied Subsidy	-	-	(123,000)	(122,000)	(137,000)
Administrative Expenses	<u>(8,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>(3,000)</u>
Net Change in Plan Fiduciary Net Position	5,309,000	229,000	564,000	612,000	514,000
Fiduciary Net Position - Beginning of Year	<u>6,444,000</u>	<u>6,215,000</u>	<u>5,651,000</u>	<u>5,039,000</u>	<u>4,525,000</u>
Fiduciary Net Position - End of Year	<u><u>\$ 11,753,000</u></u>	<u><u>\$ 6,444,000</u></u>	<u><u>\$ 6,215,000</u></u>	<u><u>\$ 5,651,000</u></u>	<u><u>\$ 5,039,000</u></u>
Net OPEB Liability - End of Year	<u><u>\$ (1,083,000)</u></u>	<u><u>\$ 6,258,000</u></u>	<u><u>\$ 6,009,000</u></u>	<u><u>\$ 7,032,000</u></u>	<u><u>\$ 7,749,000</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.15%	50.73%	50.84%	44.56%	39.40%
Covered Payroll	\$ 8,350,000	\$ 9,303,000	\$ 9,824,000	\$ 8,220,000	\$ 8,739,000
Net OPEB Liability as a Percentage of Covered Payroll	-12.97%	67.27%	61.17%	85.55%	88.67%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN  
JUNE 30, 2022  
LAST 10 YEARS\***

	June 30,					
Measurement Period	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ -	\$ 421,000	\$ 576,000	\$ 584,000	\$ 493,000	\$ 339,000
Contributions in Relation to the Actuarially Determined Contributions	132,000	3,728,000	576,000	584,000	493,000	339,000
Contribution Deficiency/(Excess)	<u>\$ (132,000)</u>	<u>\$ (3,307,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 8,649,000	\$ 8,350,000	\$ 9,303,000	\$ 9,824,000	\$ 8,220,000	\$ 8,739,000
Contribution as a Percentage of Covered Payroll	1.53%	44.65%	6.19%	5.94%	6.00%	3.88%

**Notes to Schedule:**

Valuation date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015
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Method and assumptions used to calculate actuarially determined contribution:

Discount Rate	6.20% net of investment expenses
Inflation Rate	2.50%
Administrative Expenses	Average: prior 3 years
Actuarial Cost Method	Entry-Age Normal, level percent of payroll
Amortization Method	18 year amortization (closed period) from 7/1/2020, level % of pay
Employer and Employee Contributions	Total contributions are shared evenly between employer and employee, except the employer pays full costs attributable to death and disability benefits, and a small portion of prior frozen UAAL. PEPRAs members pay a Normal Cost rate that is ½ of the total Normal Cost.
All Other Assumptions	Same as those used to develop the Total Pension Liability, 7/1/2020 valuation basis

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## **STATISTICAL SECTION**

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
DESCRIPTION OF STATISTICAL SECTION CONTENTS  
JUNE 30, 2022**

This part of the San Joaquin Regional Transit District's (RTD) annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and required supplementary information says about the RTD's overall financial health.

**Financial Trends**

These schedules contain trend information to help the reader understand how the RTD's financial performance and well-being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the RTD's most significant operating revenue, passenger fares.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which RTD's financial activities take place and helps make comparisons over time with other governments.

**Operating Information**

These schedules contain contextual information about RTD's operations and resources to assist readers in using financial statement information to understand and assess RTD's economic condition.

Sources: Unless otherwise noted, the information in these schedules is derived from RTD's annual comprehensive financial reports for the relevant year.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SCHEDULE OF NET POSITION  
LAST TEN FISCAL YEARS**

	2022	2021	2020	2019 Restated*	2018
NET POSITION					
Net investment in capital assets	\$ 99,219,030	\$ 104,441,697	\$ 109,777,479	\$ 117,169,647	\$ 103,637,197
Unrestricted	<u>21,497,316</u>	<u>(1,435,380)</u>	<u>(17,359,111)</u>	<u>(21,539,068)</u>	<u>(18,691,320)</u>
Total	<u>\$ 120,716,346</u>	<u>\$ 103,006,317</u>	<u>\$ 92,418,368</u>	<u>\$ 95,630,579</u>	<u>\$ 84,945,877</u>
	2017 Restated*	2016	2015**	2014	2013
NET POSITION					
Net investment in capital assets					
Unrestricted	<u>\$ 101,276,836</u> <u>(16,247,418)</u>	<u>\$ 98,686,109</u> <u>(7,366,596)</u>	<u>\$ 105,664,696</u> <u>(11,215,667)</u>	<u>\$ 84,601,525</u> <u>1,592,319</u>	<u>\$ 62,146,508</u> <u>1,809,183</u>
Total	<u>\$ 85,029,418</u>	<u>\$ 91,319,513</u>	<u>\$ 94,449,029</u>	<u>\$ 86,193,844</u>	<u>\$ 63,955,691</u>

\* Adjustments were made to properly reflect changes in net position as the result of prior periods adjustments.

\*\* Certain prior year amounts have been reclassified to conform to current year presentation.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SCHEDULE OF CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	2022	2021	2020	2019 Restated*	2018
OPERATING REVENUE					
Total Operating Revenues	\$ 1,929,618	\$ 1,571,419	\$ 3,373,975	\$ 3,524,709	\$ 3,626,273
Total Operating Expenses	<u>(42,973,522)</u>	<u>(46,991,679)</u>	<u>(50,744,315)</u>	<u>(51,928,744)</u>	<u>(46,605,935)</u>
OPERATING LOSS	<u>(41,043,904)</u>	<u>(45,420,260)</u>	<u>(47,370,340)</u>	<u>(48,404,035)</u>	<u>(42,979,662)</u>
Total Nonoperating Revenues	53,718,569	51,254,202	40,935,996	36,632,056	30,773,513
Total Nonoperating Expenses	(221,270)	(297,570)	(373,870)	(520,199)	(533,473)
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	12,453,395	5,536,372	(6,808,214)	(12,292,178)	(12,739,622)
Total Capital Contributions	<u>5,305,690</u>	<u>5,051,577</u>	<u>3,596,003</u>	<u>22,976,880</u>	<u>12,656,081</u>
CHANGES IN NET POSITION	<u><u>\$ 17,759,085</u></u>	<u><u>\$ 10,587,949</u></u>	<u><u>\$ (3,212,211)</u></u>	<u><u>\$ 10,684,702</u></u>	<u><u>\$ (83,541)</u></u>
	2017**	2016	2015**	2014	2013
OPERATING REVENUE					
Total Operating Revenues	\$ 3,827,801	\$ 4,303,400	\$ 4,760,481	\$ 5,009,828	\$ 4,597,689
Total Operating Expenses	<u>(43,854,012)</u>	<u>(42,767,545)</u>	<u>(39,858,489)</u>	<u>(38,423,299)</u>	<u>(37,364,469)</u>
OPERATING LOSS	<u>(40,026,211)</u>	<u>(38,464,145)</u>	<u>(35,098,008)</u>	<u>(33,413,471)</u>	<u>(32,766,780)</u>
Total Nonoperating Revenues	28,156,778	27,893,134	26,384,247	25,042,192	24,476,569
Total Nonoperating Expenses	(533,105)	(550,875)	(35,410)	-	-
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(12,402,538)	(11,121,886)	(8,749,171)	(8,371,279)	(8,290,211)
Total Capital Contributions	<u>12,741,263</u>	<u>7,926,550</u>	<u>38,157,481</u>	<u>31,643,064</u>	<u>6,186,487</u>
CHANGES IN NET POSITION	<u><u>\$ 338,725</u></u>	<u><u>\$ (3,195,336)</u></u>	<u><u>\$ 29,408,310</u></u>	<u><u>\$ 23,271,785</u></u>	<u><u>\$ (2,103,724)</u></u>

\* Adjustments were made to properly reflect changes in net position as the result of prior periods adjustments.

\*\* Certain prior year amounts have been reclassified to conform to current year presentation.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SCHEDULE OF REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

Fiscal Year	OPERATING REVENUES				TOTAL OPERATING REVENUES	NON-OPERATING REVENUES				TOTAL NON- OPERATING REVENUES
	Pasenger Fares	Special Transit	Auxiliary Transportation	Other		Federal Cash Grants	State and Local Cash Grants	Local Property Taxes	Interest, Investment, Income, and Recoveries	
2022	\$ 1,545,337	\$ -	\$ 99,324	\$ 284,957	1,929,618	\$ 16,184,981	\$ 36,121,028	\$ 1,279,993	\$ 132,567	53,718,569
2021	1,255,399	-	95,933	220,087	1,571,419	17,066,076	32,917,857	1,202,130	68,139	51,254,202
2020	2,999,194	-	103,533	271,248	3,373,975	10,237,933	29,544,813	1,100,797	52,453	40,935,996
2019*	3,116,865	-	112,853	294,991	3,524,709	5,246,408	30,296,675	1,067,846	21,127	36,632,056
2018	3,383,304	-	120,399	122,570	3,626,273	5,139,112	24,622,534	994,899	16,968	30,773,513
2017	3,703,383	-	71,730	52,688	3,827,801	5,762,496	21,414,426	967,785	12,071	28,156,778
2016	4,166,503	-	77,147	59,751	4,303,401	5,193,468	21,777,395	914,739	7,532	27,893,134
2015	4,570,610	-	83,654	106,217	4,760,481	5,779,342	19,726,688	862,738	15,479	26,384,247
2014	4,768,623	-	63,153	178,052	5,009,828	5,752,974	18,465,146	797,429	26,645	25,042,194
2013	4,447,003	-	77,018	73,668	4,597,689	5,426,427	18,268,780	766,148	15,214	24,476,569

\* Adjustments were made to properly reflect changes in net position as the result of prior periods adjustments.



**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION  
LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>OPERATING EXPENSES</b>										
Operators' salaries	\$ 5,396,725	\$ 3,327,804	\$ 3,852,375	\$ 4,192,602	\$ 3,755,705	\$ 3,569,987	\$ 3,537,251	\$ 3,414,482	\$ 3,561,412	\$ 3,929,203
Other salaries	7,526,719	6,209,345	7,226,256	7,172,673	6,841,292	6,528,780	6,196,679	5,518,473	4,992,462	4,482,100
Fringe benefits	9,968,875	15,256,659	10,383,255	10,280,192	8,721,186	8,171,276	7,670,269	6,968,125	6,360,633	6,680,923
Pension expense	(3,137,000)	(1,932,000)	1,154,000	1,482,000	1,701,000	2,052,000	1,508,520	136,480	-	-
OPEB expense	(607,000)	(3,467,000)	(390,000)	(171,075)	142,788	-	-	-	-	-
Service expenses	3,633,887	3,272,109	2,869,122	3,134,495	2,413,621	2,501,870	2,685,890	3,011,937	2,776,356	2,406,289
Fuel and lubricants	1,382,025	813,096	1,212,534	1,553,430	1,320,845	1,230,694	1,244,931	1,778,800	2,097,405	2,328,262
Tires and tubes	9,488	6,214	6,176	5,951	8,481	9,994	6,049	4,740	4,638	3,799
Other materials and supplies	1,264,364	835,247	781,290	748,026	1,083,547	1,085,958	1,147,658	1,214,760	1,148,491	914,905
Utilities	996,473	925,823	1,096,796	890,551	865,770	759,687	642,859	514,025	533,043	584,821
Insurance	1,009,196	2,486,445	1,027,679	1,075,422	845,477	609,879	546,570	509,624	757,291	832,969
Taxes	243,934	180,553	239,389	264,833	212,394	184,115	194,070	213,895	222,156	234,612
Purchased transportation	1,948,542	6,264,639	8,488,896	8,443,714	6,776,292	6,072,352	7,083,584	7,084,038	6,854,644	6,107,874
Other	777,394	399,688	573,101	1,033,771	1,021,705	726,882	689,848	775,347	743,491	568,092
Depreciation	12,559,900	12,413,057	12,223,446	11,822,159	10,895,832	10,350,538	9,613,368	8,749,173	8,369,980	8,290,620
<b>Total Operating Expenses</b>	<b>42,973,522</b>	<b>46,991,679</b>	<b>50,744,315</b>	<b>51,928,744</b>	<b>46,605,935</b>	<b>43,854,012</b>	<b>42,767,546</b>	<b>39,893,899</b>	<b>38,422,002</b>	<b>37,364,469</b>
<b>NONOPERATING EXPENSES</b>										
Interest expense	221,270	297,570	373,870	520,199	533,473	533,105	550,875	35,410	-	-
<b>Total expenses</b>	<b>\$ 43,194,792</b>	<b>\$ 47,289,249</b>	<b>\$ 51,118,185</b>	<b>\$ 52,448,943</b>	<b>\$ 47,139,408</b>	<b>\$ 44,387,117</b>	<b>\$ 43,318,421</b>	<b>\$ 39,929,309</b>	<b>\$ 38,422,002</b>	<b>\$ 37,364,469</b>

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SERVICE CONSUMPTION  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Operating Revenues</u>	
	<u>Annual Pasenger Miles</u>	<u>Unlinked Passenger Trips</u>
2022	7,640,564	1,855,213
2021	5,983,028	1,416,258
2020	15,486,725	3,027,645
2019	19,175,809	3,703,148
2018	19,107,535	3,473,628
2017	20,101,181	3,595,637
2016	22,401,840	4,047,559
2015	23,885,347	4,402,964
2014	24,426,308	4,492,883
2013	24,098,393	4,300,612

**Passenger Miles:** The cumulative sum of the distances ridden by each passenger.

**Unlinked Passenger Trips:** The number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.

Source: TransTrack S-10

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
PASSENGER RATES**

Effective January 1, 2013

**CASH FARES**

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1-RIDE ADULT (Ages 18-59)	\$	1.50
1-RIDE SENIORS (Age 60 and over )	\$	0.75
1-RIDE DISABLED (w/ proper ID )	\$	0.75
1-RIDE MEDICARE CARD HOLDER (w/ proper ID )	\$	0.75
CHILD (Under Age 4) (Up to three children under age 4 accompanied by a farepaying adult)		FREE
EACH ADDITIONAL CHILD (Under age 4)	\$	1.50
1-RIDE DIAL-A-RIDE	\$	3.00
1-RIDE ADULT METRO EXPRESS BUS PASS (Ages 18-59)	\$	1.50
1-RIDE SENIOR/DISABLED METRO EXPRESS BUS PASS (Age 60 and over, Medicare card holders and certificate of eligibility card holders)	\$	0.75
METRO EXPRESS 1-RIDE PASS	\$	1.50
METRO EXPRESS DISCOUNT 1-RIDE PASS	\$	0.75

**31-DAY BUS PASSES**

(Unlimited rides for 31 days from first day of use)

---

ADULT	\$	65.00
STUDENT (Age 5-17 and college students with valid ID)	\$	40.00
SENIOR/DISABLED/MEDICARE CARD HOLDER	\$	30.00

**10-DAY BUS PASSES**

(Good for 10 uses anytime)

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10-DEVIATION PASS (METRO HOPPER ONLY)	\$	10.00
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**DAY PASSES**

(Unlimited rides on the day issued)

---

1-DAY ADULT	\$	4.00
1-DAY SENIOR/DISABLED/MEDICARE CARD HOLDER	\$	2.00

**COMMUTER**

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One Way Fare	\$	7.00
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**PURCHASE BUS PASS ONLINE**

RTD now offers its customers the opportunity to purchase 31-Day, 1-Day , 1-Ride, 10 Deviation bus passes online, Dial-A-Ride, and Van Go 1-Ride.

Source: Accounting and Financial Reporting Department

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Outstanding Debt					
	Measure K Loan Payable	Personal Income	Ratio of Outstanding Debt to Personal Income	Per Capita Personal Income	Population	Outstanding Debt Per Capita
2022	\$ 5,800,000	\$ 45,590,787,000	0.01%	\$ 57,783	789,000	\$ 7.35
2021	7,800,000	39,794,688,000	0.02%	51,816	768,000	10
2020	9,800,000	35,926,949,000	0.03%	47,139	762,000	12.86
2019	11,800,000	33,865,937,000	0.03%	44,995	752,000	15.69
2018	13,800,000	29,879,390,000	0.05%	39,789	751,000	18.38
2017	14,000,000	28,636,808,000	0.05%	38,756	739,000	18.94
2016	14,200,000	27,200,000,000	0.05%	37,375	729,000	19.48
2015	8,874,684	24,480,660,000	0.04%	34,755	711,000	12.48

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SAN JOAQUIN COUNTY  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
(POPULATION EXPRESSED IN THOUSANDS)  
LAST TEN FISCAL YEARS**

For the Fiscal Year Ended June 30,	(1) Population	(2) Personal Income	(2) Per Capital Personal Income	(3) Unemployment Rate
2022	789,000	\$ 45,590,787,000	\$ 57,783	5.0%
2021	768,000	39,794,688,000	51,816	9.2%
2020	762,000	35,926,949,000	47,139	10.0%
2019	752,000	33,865,937,000	44,995	6.0%
2018	751,000	29,879,390,000	39,789	6.3%
2017	739,000	28,636,808,000	38,756	7.3%
2016	729,000	27,200,000,000	37,375	8.3%
2015	711,000	24,480,660,000	34,755	7.5%
2014	710,000	24,800,000,000	33,097	10.5%
2013	702,000	23,363,876,000	41,779	12.4%

Data Source:  
(1) edd.ca.gov  
(2) dot.ca.gov  
(3) sjgov.org

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SAN JOAQUIN COUNTY  
PRINCIPAL EMPLOYERS**

Employer Name	Location	Industry	Rank	2022 Employee Count	2021 Employee Count	2020 Employee Count	2019 Employee Count	2018 Employee Count	2017 Employee Count	2016 Employee Count	2015 Employee Count	2014 Employee Count	2013 Employee Count
Blue Shield of California	Lodi	Health Plans / Direct Health and Medical Insurance Carriers	1	5,000-9,999	5,000-9,999	5,000-9,999	5,000-9,999	5,000-9,999	5,000-9,999	5,000-9,999	5,000-9,999	5,000-9,999	5,000-9,999
A Sambado & Son Inc	Linden	Nuts-Edible/Confectionery and Nut Stores	2	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	N/A	N/A	N/A	N/A	N/A	N/A
Ashley Lane LP	Stockton	Real Estate	3	1,000-4,999	1,000-4,999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Services/Electronic Shopping and Mail-Order Houses	4	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	N/A	N/A	N/A
Dameron Hospital Assn	Stockton	Hospitals / General Medical and Surgical Hospitals	5	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	N/A	N/A
Deuel Vocational Institution	Tracy	City Govt-Correctional Institutions	6	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999
Lodi Memorial Hospital	Lodi	Hospitals / General Medical and Surgical Hospitals	7	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999
Lodi Memorial Hospital Home Health	Lodi	Home Health Care Services	8	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions	9	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	N/A	N/A	N/A	N/A	N/A	N/A
Stockton Unified School District	Stockton	School District/Elementary and Secondary Schools	10	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	N/A	N/A	N/A	N/A	N/A	N/A
Pacific Coast Producers	Lodi	Canning (Mfrs) / Fruit and Vegetable Canning	11	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999
Prima Fruta Packing Inc.	Linden	Fruit & Produce Packers / Other postharvest crop activities	12	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999
Safeway Distribution Warehouse	Tracy	Distribution Centers (Whls) / All other durable goods merchant wholesalers	13	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999
San Joaquin General Hospital	French Camp	Hospitals / General Medical and Surgical Hospitals	14	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999
San Joaquin County SCH	Stockton	School Districts/Elementary and Secondary Schools	15	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	N/A	N/A	N/A	N/A	N/A	N/A
St. Joseph's Regional Health	Stockton	Hospitals / General Medical and Surgical Hospitals	17	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999
SJGOV	Stockton	Government Offices- County	18	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	N/A	N/A	N/A	N/A	N/A
Leprino Foods Co	Tracy	Cheese Processors (Mfrs)	19	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	500-999
Waste Management	Lodi	Consultants - Business NEC	16	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	1,000-4,999	500-999
Foster Care Svc	Stockton	County Government - Social/Human Resources	20	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999
San Joaquin County CA Public	Stockton	Government Offices - County	21	500-999	500-999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
San Joaquin Sheriff's Office	French Camp	Government Offices - County/Legislative Bodies	22	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999
Stockton Police Department	Stockton	Police Departments / Police Protection	23	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999
San Joaquin County Human Services	Stockton	County Government - Social/Human Resources	24	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999
Walmart Supercenter	Stockton	Department Stores	25	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999	500-999

Data Source:

(1) Employment Development Department

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – PROFILE**

General Statistics and Service Information

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Service Area	1,426 Square Miles
Employees	233
Vehicles Available for Service	143
Metro Routes	31
Metro Hopper Deviated Fixed Routes	7
County Hopper Deviated Fixed Routes	5
Commuter Routes	3

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – 2022 AND 2023 OPERATING BUDGETS**

	<u>FY 2023 (1)</u>	<u>FY 2022 (1)</u>	<u>Difference</u>	<u>% Change</u>
<b>REVENUES</b>				
Passenger Fares and Special Fares	\$ 2,110,598	\$ 1,048,083	\$ 1,062,515	101.38%
Non-Transportation Revenues	769,254	346,070	423,184	122.28%
Operating Assistance				
Federal Cash Grants	6,806,743	11,911,171	(5,104,428)	-42.85%
Local Property Taxes	1,269,986	1,100,797	169,189	15.37%
LCTOP (State Fund)	1,556,856	650,737	906,119	139.25%
TDA - LTF / STA Program	30,471,785	21,162,430	9,309,355	43.99%
Measure K	<u>5,706,030</u>	<u>5,708,775</u>	<u>(2,745)</u>	<u>-0.05%</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 48,691,252</u></u>	<u><u>\$ 41,928,063</u></u>	<u><u>\$ 6,763,189</u></u>	<u><u>16.13%</u></u>
<b>EXPENDITURES</b>				
Labor and Fringes	\$ 33,254,131	\$ 28,949,626	\$ 4,304,505	14.87%
Services	4,222,065	3,709,551	512,514	13.82%
Fuel and Lubricants and Supplies	3,978,209	3,333,249	644,960	19.35%
Utilities	1,194,461	1,180,972	13,489	1.14%
Insurance	2,189,380	1,215,373	974,007	80.14%
Taxes and Licenses	337,278	285,949	51,329	17.95%
Purchased Transportation	2,163,119	1,544,994	618,125	40.01%
Miscellaneous and Contingency	<u>1,352,609</u>	<u>1,308,349</u>	<u>44,260</u>	<u>3.38%</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 48,691,252</u></u>	<u><u>\$ 41,528,063</u></u>	<u><u>\$ 7,163,189</u></u>	<u><u>17.25%</u></u>

(1) Budgeted amounts

Source: Accounting and Financial Reporting Department



## **SAN JOAQUIN REGIONAL TRANSIT DISTRICT OPERATING INFORMATION – AVAILABLE FUNDING SOURCES**

The following section provides a description of each of the major funding resources used by RTD and their available uses.

### **Fare Revenue**

RTD collects fares from passengers to ride the bus. The current fare schedule is available on page 56.

### **FTA Section 5304**

#### *Purpose*

Provides funding and procedural requirements for multimodal transportation planning in metropolitan areas and states that is cooperative, continuous and comprehensive, resulting in long-range plans and short-range programs of transportation investment priorities. The planning programs are jointly administered by FTA and the Federal Highway Administration (FHWA), which provides additional funding.

#### *Statutory References*

- 49 U.S.C. Section 5303 & 5304 / FAST Section 3003 Metropolitan & Statewide Transportation Planning
- 49 U.S.C. Section 5305 – Planning Programs

#### *Eligible Recipients*

States and Metropolitan Planning Organizations

#### *Eligible Activities*

Develop transportation plans and programs, plan, design and evaluate a public transportation project, and conduct technical studies related to public transportation.

### **FTA Section 5307**

#### *Purpose*

The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes Federal resources available to urbanized areas and to Governors for transit capital and operating assistance and for transportation related planning in urbanized areas. An urbanized area is a Census-designated area with a population of 50,000 or more as determined by the U.S. Department of Commerce, Bureau of the Census.

#### *Statutory References*

49 U.S.C. Section 5307 and 5340 / FAST ACT Sections 3004, 30149 U.S.C. Section 5305 – Planning Programs

#### *Eligible Recipients*

Funding is made available to designated recipients, which must be public bodies with the legal authority to receive and dispense Federal funds. Governors, responsible local officials and publicly owned operators of transit services are required to designate a recipient to apply for, receive, and dispense funds for urbanized areas pursuant to 49 U.S.C. 5307(a)(2). The Governor or Governor's designee is the designated recipient for urbanized areas between 50,000 and 200,000.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**FTA Section 5307** (Continued)

*Eligible Activities*

Eligible activities include planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs.

For urbanized areas with populations less than 200,000, operating assistance is an eligible expense. For urbanized areas with 200,000 in population and over, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive Federal funds. For urbanized areas under 200,000 in population, the funds are apportioned to the Governor of each state for distribution.

**FTA Section 5307 CARES Act**

*Purpose*

On Friday, March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. The CARES Act provides emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic and provide emergency appropriations to support Executive Branch agency operations during the COVID-19 pandemic.

*Statutory Reference*

Projects funded with CARES Act funds that are administered under the Urbanized Area Formula Program that involve substantial changes to the function, location, or capacity of transit system assets are subject to all Program of Projects requirements. See 23 CFR 450.218(g) (5) and 23 CFR 450.326(e) (5). Consistent with the emergency exemptions from the Transportation Improvement Program (TIP) or the Statewide Transportation Improvement Program (STIP) requirements, all other projects funded by CARES Act funds, including operating assistance projects and capital projects that do not involve a substantial change to the function, location, or capacity of an asset, are subject only to the requirements associated with making the amount of funding available to the recipient public (49 U.S.C. 5307(b)(1)) and making the final program of projects available to the public (49 U.S.C. 5307(b)(7)). Recipients must document the process used to comply with these requirements.

*Eligible Recipients*

FTA is allocating \$25 billion to recipients of urbanized area and rural area formula funds, with \$22.7 billion to large and small urban areas and \$2.2 billion to rural areas. Funding will be provided at a 100-percent federal share, with no local match required, and will be available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19. Operating expenses incurred beginning on January 20, 2020 for all rural and urban recipients, even those in large urban areas, are also eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency.

*Eligible Activities*

The CARES Act provides funds to prevent, prepare for, and respond to COVID-19. Although the priority for the funding is operational expenses, FTA will generally consider all expenses normally eligible under the Section 5307 and 5311 programs that are incurred on or after January 20, 2020 to be in response to economic or other conditions caused by COVID-19 and thus eligible under the CARES Act.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**FTA Section 5311**

*Purpose*

This program provides capital, planning, and operating assistance to states and federally recognized Indian tribes to support public transportation in rural areas with populations less than 50,000, where many residents often rely on public transit to reach their destinations. It also provides funding for state and national training and technical assistance through the Rural Transportation Assistance Program.

*Statutory References*

- 49 U.S.C. Section 5311 / Fixing America's Surface Transportation Act (FAST) Section 3007

*Eligible Recipients*

- States, Indian tribes or Alaskan Native villages, groups or communities identified by the Bureau of Indian Affairs (BIA)
- Subrecipients: State or local government authorities, nonprofit organizations, operators of public transportation or intercity bus service that receives funds indirectly through a recipient.

*Eligible Activities*

Planning, capital, operating, job access, and reverse commute projects, and the acquisition of public transportation services

**FTA Section 5339**

*Purpose*

The Grants for Buses and Bus Facilities program (49 U.S.C. 5339) makes Federal resources available to States and designated recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities. Funding is provided through formula allocations and competitive grants. A sub-program provides competitive grants for bus and bus facility projects that support low and zero-emission vehicles.

*Statutory References*

49 U.S.C. Section 5337 / FAST Section 3017

*Eligible Recipients*

Eligible Recipients include designated recipients that operate fixed route bus service or that allocate funding to fixed route bus operators; and State or local governmental entities that operate fixed route bus service that are eligible to receive direct grants under 5307 and 5311.

Subrecipients: An eligible recipient that receives a grant under the formula or discretionary programs may allocate amounts from the grant to subrecipients that are public agencies or private nonprofit organizations engaged in public transportation.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**FTA Section 5339** (Continued)

*Eligible Activities*

- Capital projects to replace, rehabilitate, and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.

**FTA SECTION 5312 - INTEGRATED MOBILITY INNOVATION (IMI)**

*Purpose*

Today, a diverse mobility ecosystem provides unprecedented flexibility and choices, including public transit, bikeshare, ride-hailing, electric scooters, and micro-transit. Public transportation agencies are taking on new roles as mobility managers, seeking to manage the evolving transportation ecosystem to meet their communities' needs while they simultaneously transform themselves to offer better, more integrated service.

The IMI demonstration program supports the transit industry's ability to leverage and integrate mobility innovations with existing services, while examining the impact of innovations on agency operations and the traveler experience.

IMI unifies three research focus areas: Mobility on Demand, Transit Automation, and Mobility Payment Integration. These areas examine how new service models, technologies, and other solutions can be brought together to support Complete Trips for All.

The goals of IMI are to:

- Explore new business approaches and technology solutions that support mobility
- Enable communities to adopt innovative mobility solutions that enhance transportation efficiency and effectiveness
- Facilitate the widespread deployment of proven mobility solutions that expand personal mobility

The primary objectives of IMI are to:

- Enhance transit industry preparedness for IMI
- Assist the transit industry to develop the ability to integrate IMI practices with existing public transit service
- Validate the technical and institutional feasibility of IMI business models, and document IMI best practices that may emerge from the demonstrations
- Measure the impacts of IMI on travelers and transportation systems
- Examine relevant public sector and Federal requirements, regulations, and policies that may support or hamper the public transit sector's adoption of IMI.

*Statutory References*

- Public transportation innovation (49 U.S.C. § 5312)

*Eligible Recipients*

Eligible applicants under this notice are providers of public transportation, including public transportation agencies, state/local government DOTs, and federally recognized Indian tribes.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**FTA SECTION 5312 - INTEGRATED MOBILITY INNOVATION (IMI)** (Continued)

*Eligible Activities*

- Eligible activities include all activities leading to the demonstration, such as planning and developing business models, obtaining equipment and service, acquiring or developing software and hardware interfaces to implement the project, operating the demonstration, and providing data to support performance measurement and evaluation.

**California Air Resources Board (CARB)**

1. Transformative Climate Communities (TCC)

*Purpose*

The Transformative Climate Communities (TCC) Program funds community-led development and infrastructure projects that achieve major environmental, health, and economic benefits in California's most disadvantaged communities. Funded by California's Cap-and-Trade Program, TCC empowers the communities most impacted by pollution to choose their community vision, strategies, and projects to enact transformational change – all with data-driven milestones and measurable outcomes.

The Transformative Climate Communities (TCC) Program empowers the communities most impacted by pollution to choose their own goals, strategies, and projects to reduce greenhouse gas emissions and local air pollution.

*Statutory References*

On September 14, 2016, Governor Brown signed Assembly Bill 2722, which creates the Transformative Climate Communities (TCC) Program, a grant program administered by the Strategic Growth Council, for broad-based greenhouse gas emission reduction projects that provide local economic, environmental and health benefits to disadvantaged communities.

*Eligible Recipients*

- Community-based organizations
- Local governments
- Nonprofit organizations
- Philanthropic organizations and foundations
- Faith-based organizations
- Coalitions or associations of nonprofits
- Community development finance institutions
- Community development corporations
- Joint powers authorities
- Tribal governments

*Eligible Activities*

- Affordable and sustainable housing developments
- Transit stations and facilities
- Bicycle and car share programs
- Residential weatherization and solar projects
- Water-energy efficiency installations

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**California Air Resources Board (CARB)** (Continued)

1. Transformative Climate Communities (TCC) (Continued)

*Eligible Activities* (Continued)

- Urban greening projects
- Bicycle and pedestrian facilities
- Low-carbon transit vehicles and clean vehicle rebates
- Health and well-being projects

2. Sustainable Transportation Equity Projects (STEP)

*Purpose*

STEP is a new transportation equity pilot that aims to address community residents' transportation needs, increase access to key destinations, and reduce greenhouse gas emissions by funding planning, clean transportation, and supporting projects.

STEP's overarching purpose is to increase transportation equity in disadvantaged and low-income communities throughout California via two types of grants: Planning and Capacity Building Grants and Implementation Grants. Within these two grant types, CARB currently has up to \$19.5 million available.

The California Air Resources Board has awarded 11 grants totaling \$19.5 million to community-based organizations and local governments across California that will help disadvantaged and low-income communities address transportation needs with innovative clean, sustainable transportation solutions.

"The goal of this pioneering project is to boost transportation equity by designing the program whereby communities make decisions about their own transportation needs, with the objective of helping residents get where they need to go — be it the doctor's office, grocery store or daycare — without using a personal vehicle," CARB Executive Officer Richard W. Corey said.

STEP will help support Governor Newsom's Executive Order phasing out gasoline-powered cars and requiring 100 percent sales of zero-emission cars in 2035. This will drastically reduce demand for fossil fuels, cut vehicle emissions, protect public health, and propel California toward carbon neutrality in the mid-century.

*Statutory References*

STEP supports the goals of Senate Bill (SB) 1275 (De León, Chapter 530, Statutes of 2014) for prioritizing low- and zero-carbon transportation alternatives; SB 375 (Steinberg, Chapter 728, Statutes of 2008) for reducing greenhouse gas emissions through more integrated transportation, housing, and land use planning; and SB 350 (De León, Chapter 547, Statutes of 2015) for overcoming barriers for low-income consumers and disadvantaged communities to access clean transportation options. Disadvantaged and low-income communities are identified per Assembly Bill 1550 (Gomez, Chapter 369, Statutes of 2016)

*Eligible Recipients*

Cities, counties, community-based organizations, or tribes as lead applicants (representing a broader coalition of community, public agency, and private partners as co-applicants)

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**California Air Resources Board (CARB)** (Continued)

2. Sustainable Transportation Equity Projects (STEP) (Continued)

*Eligible Activities*

- Community transportation needs assessments
- Community engagement
- Feasibility studies
- Land use and mobility plans
- Other

**Congestion Mitigation and Air Quality (CMAQ)**

*Purpose*

The FAST Act continued the CMAQ program to provide a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas).

*Statutory References*

FAST Act § 1114; 23 U.S.C. 149

*Eligible Recipients*

As under MAP-21, the FAST Act directs FHWA to apportion funding as a lump sum for each State then divide that total among apportioned programs. Once each State's combined total apportionment is calculated, funding is set-aside for the State's CMAQ Program.

*Eligible Activities*

Funds may be used for a transportation project or program that is likely to contribute to the attainment or maintenance of a national ambient air quality standard, with a high level of effectiveness in reducing air pollution, and that is included in the metropolitan planning organization's (MPO's) current transportation plan and transportation improvement program (TIP) or the current state transportation improvement program (STIP) in areas without an MPO.

The FAST Act added eligibility for verified technologies for non-road vehicles and non-road engines that are used in port-related freight operations located in ozone, PM10, or PM2.5 nonattainment or maintenance areas funded in whole or in part under 23 U.S.C. or chapter 53 of 49 U.S.C. [23 U.S.C. 149(b)(8)(A)(ii)]

The FAST Act also specifically makes eligible the installation of vehicle-to-infrastructure communications equipment. [23 U.S.C. 149(b)(9)]

The FAST Act continues eligibility for electric vehicle and natural gas vehicle infrastructure and adds priority for infrastructure located on the corridors designated under 23 U.S.C. 151. [23 U.S.C. 149(c)(2)]

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**Congestion Mitigation and Air Quality (CMAQ) (Continued)**

*Eligible Activities (Continued)*

The FAST Act amended the eligible uses of CMAQ funds set aside for PM2.5 nonattainment and maintenance areas. PM2.5 set-aside funds may be used to reduce fine particulate matter emissions in a PM2.5 nonattainment or maintenance area, including—

- diesel retrofits.
- installation of diesel emission control technology on nonroad diesel equipment or on-road diesel equipment that is operated on a highway construction projects ; and
- the most cost-effective projects to reduce emissions from port-related landside nonroad or on- road equipment that is operated within the boundaries of the area. [23 U.S.C. 149(k)(2) & (4)]

**Local Property Tax**

RTD receives property tax revenues for properties within San Joaquin County (the County) in accordance with the Revenue and Taxation Code, Section 97.

**Low Carbon Transit Operations Program (LCTOP)**

*Purpose*

The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities.

This program will be administered by Caltrans in coordination with Air Resource Board (ARB) and the State Controller's Office (SCO). The California Department of Transportation (Caltrans) is responsible to ensure that the statutory requirements of the program are met in terms of project eligibility, greenhouse reduction, disadvantaged community benefit, and other requirements of the law.

*Statutory References*

- Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund (Fund) for LCTOP, beginning in 2015-16.

*Eligible Recipients*

California transit agencies

*Eligible Activities*

Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. For agencies whose service area includes disadvantaged communities, at least 50 percent of the total moneys received shall be expended on projects that will benefit disadvantaged communities.



**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**Active Transportation Program (ATP)**

*Purpose*

ATP legislation defines the program's purpose as encouraging increased use of active modes of transportation, such as biking and walking.

*Statutory References*

The Active Transportation Program (ATP), created by Senate Bill 99 (Chapter 359, Statutes of 2013) and Assembly Bill 101 (Chapter 354, Statutes of 2013), consolidated several federal and state transportation programs to focus on making California a national leader in active transportation.

*Eligible Recipients*

The following entities, within the State of California, are eligible to apply for ATP funds:

- Local, Regional or State Agencies. Examples include city, county, MPO\*, and Regional Transportation Planning Agency.
- Caltrans nominated projects must be coordinated and aligned with local and regional priorities.
- Transit Agencies. Any agency responsible for public transportation that is eligible for funds under the Federal Transit Administration.
- Natural Resources or Public Land Agencies. Federal, Tribal, State, or local agency responsible for natural resources or public land administration. Examples include:
  - State or local park or forest agencies.
  - State or local fish and game or wildlife agencies.
  - Department of the Interior Land Management Agencies.
  - U.S. Forest Service.
- California Transportation Commission.
- Public schools or school districts.
- Tribal Governments – federally recognized Native American Tribes.
- Private nonprofit tax-exempt organizations may apply for projects eligible for Recreational.
- Trail Program funds recreational trails and trailheads, park projects that facilitate trail linkages or connectivity to non-motorized corridors, and conversion of abandoned railroad corridors to trails. Projects must benefit the general public, not only a private entity.
- Any other entity with responsibility for oversight of transportation or recreational trails that the Commission determines to be eligible.

*Eligible Activities*

All projects eligible for programming must be selected through a competitive process and must meet one or more of the ATP programs goals that are as follows:

- Increase the proportion of trips accomplished by biking and walking.
- Increase safety and mobility of non-motorized users.
- Advance the active transportation efforts of regional agencies to achieve Greenhouse Gas (GHG) Reduction (GHGR) goals as established pursuant to Senate Bill 375 and Senate Bill 391.
- Enhance public health, including reduction of childhood obesity through the use of programs including, but not limited to, projects eligible for Safe Routes to School Program (SRTS) funding.
- Ensure that disadvantaged communities fully share in the benefits of the program.
- Provide a broad spectrum of projects to benefit many types of active transportation users.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**Active Transportation Program (ATP) (Continued)**

*Eligible Activities (Continued)*

All eligible projects must apply with an application for one of the following project categories: infrastructure projects, plans, and non-infrastructure projects.

**Measure K**

Measure K is the half-cent sales tax dedicated to transportation projects in the County. With its original passage in November 1990, Measure K began laying the groundwork for two decades of funding for a system of improved highways and local streets, new passenger rail service, regional and inter-regional bus routes, park-and-ride lots, new bicycle facilities, and railroad crossings. Its innovative multimodal approach to transportation clearly distinguishes Measure K from other countywide sales tax programs.

On November 7, 2006, the County voters decided to extend Measure K for an additional 30 years. The renewal of Measure K is estimated to generate \$2.552 billion for the transportation programs identified in the Measure K Expenditure Plan.

The categorical allocations of Measure K include local street repairs and roadway safety (35%), congestion relief projects (32.5%), railroad crossing safety projects (2.5%), and passenger rail, bus, and bicycles (30%), which includes dedicated funding for bus rapid transit and safe routes to schools.

**Measure L**

Measure L is a ½ cent sales tax that was approved by Stanislaus County voters in November of 2016 to provide funding for local transportation improvements and street maintenance. With these voter-approved local transportation funds, the City of Ceres is able to maintain and improve their transportation system. The City of Ceres is also more successful in competing for funding of state and federal transportation dollars. Measure L funds must stay local and can only be spent on transportation.

**PG&E's EV Charging Infrastructure Program (Priority Review Project)**

*Purpose*

Pursuant to the passing of Senate Bill (SB) 350, Pacific Gas & Electric Company (PG&E) filed a transportation electrification (TE) application focused on accelerating electrification in the medium and heavy-duty sectors. The goal of this pilot is to lower total cost of ownership for electric fleet vehicles, as compared to fossil fuel vehicles, by addressing two critical barriers: (i) upfront infrastructure costs; and (ii) higher ongoing fuel costs of electricity compared to gas.

*Statutory References*

California Senate Bill 350

*Eligible Recipients*

California Transit Agencies.

*Eligible Activities*

PG&E will partner with one transit agency in a Disadvantaged Community to provide infrastructure and tools to support the deployment of 2-10 electric transit buses.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**State of Good Repair**

*Purpose*

The State of Good Repair Program provides approximately \$105 million annually to transit operators in California for eligible transit maintenance, rehabilitation, and capital projects. The State of Good Repair Program will benefit the public by improving transportation services in providing public transportation agencies a consistent and dependable revenue source to invest in the upgrade, repair, and improvement of their agency's transportation infrastructure.

*Statutory References*

The Road Repair and Accountability Act of 2017, SB 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair (SGR) Program. This program receives funding of approximately \$105 million annually. SGR funds are to be made available for eligible transit maintenance, rehabilitation and capital projects.

*Eligible Recipients*

Public transit operators who have submitted the required project information to their respective Regional Entities for review and have been evaluated to be eligible to receive State of Good Repair funding and determined to best meet local transportation needs.

*Eligible Activities*

The goal of the State of Good Repair Program is to provide funding for capital assistance in rehabilitating and modernizing California's existing local transit systems.

**Transportation Development Act (TDA)**

The TDA is a dedicated funding source available to public transit, and it is the primary source of RTD operating revenues. The TDA provides two sources of funding for public transportation, the Local Transportation Fund (LTF) and the State Transit Assistance (STA) funding. The LTF and STA receive revenues through gasoline and sales taxes within the County, however these funds are available to the State in times of fiscal crisis, and are not as reliable in a declining economy.

The LTF is funded from one quarter of one cent of the six cents in state sales tax collected per dollar of retail receipts. The allocated portion for LTF is returned to each county based on the amount of tax dollars collected in that county. The State distributes the LTF to available jurisdictions (incorporated cities and the County) based on population. RTD currently receives the full apportionment of LTF from the City of Stockton for Stockton Metropolitan Area (SMA) operations. RTD also receives the full apportionment of the County LTF for operations of the Hopper, Intercity, and Dial-A-Ride services.

The STA is funded from the statewide sales tax on motor vehicle fuels. The State allocates these funds based on a ridership and operations formula for each county. The formula allocates 50% of the funds according to ridership and the remaining according to transit operator revenues. STA revenues are eligible for both operating and capital expenditures.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
OPERATING INFORMATION – AVAILABLE FUNDING SOURCES (Continued)**

**Transportation Development Act (TDA) (Continued)**

The Road Repair and Accountability Act of 2017, SB 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit is referred to as the State of Good Repair program. This program provides funding of approximately \$105 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation, and capital projects.

**Bus and Shelter Advertising**

RTD currently contracts out all of the sales of advertising space on RTD's fleet and facilities. RTD staff also pursues in-kind partnerships for advertising with applicable partners.

**Rental Income – Greyhound Lines, Inc.**

RTD currently contracts with Greyhound to provide rent space to serve their passenger operation at RTD's Downtown Transit Center.

**Other**

RTD pursues discretionary and competitive funding, as opportunities become available, that would assist with operating activities or capital improvements. RTD will continue to pursue Public/Private Partnership (PPP) and sponsorships for specific operations assistance. Examples of this include maintaining agreements with school districts, secondary education districts, and local governments to develop agreements for service and purchase of discounted monthly passes for retail sale to the public. RTD anticipates expanding PPP opportunities to fully fund specific public transportation support services in downtown Stockton.

Source: Grants Department



Attachment B  
Cover Page



**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**

**SINGLE AUDIT REPORT  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2022**

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2022**

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## REPORTS



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

To the Board of Directors  
San Joaquin Regional Transit District  
Stockton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Joaquin Regional Transit District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

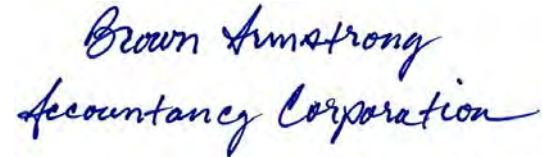
**Report on Compliance and Other Matters**

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

## Purpose of this Report

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Stockton, California  
December 28, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
San Joaquin Regional Transit District  
Stockton, California

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited San Joaquin Regional Transit District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated December 28, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Stockton, California  
December 28, 2022

## **SCHEDULE**

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Office/Pass-Through Grantor/ Program or Cluster Title/Project Name	Assistance Listing Number	Pass-Through Entity Identifying Number or Direct Grant Number	Passed- Through To Subrecipients	Federal Expenditures
<b>U.S. Department of Transportation</b>				
<b>Direct Programs</b>				
<b>Federal Transit Cluster</b>				
<b>Urbanized Area Formula Program (Section 5307)</b>				
Security - FY18 5307	20.507	CA-2018-134	\$ -	\$ 34,925
Tire Lease - FY21 5307	20.507	CA-2021-099	-	154,235
Preventive Maintenance - FY21 5307	20.507	CA-2021-099	-	1,116,750
Capital Cost of Contracting - FY21 5307	20.507	CA-2021-099	-	68,482
Preventive Maintenance - FY22 5307	20.507	CA-2022-094	-	3,892,516
Capital Cost of Contracting - FY22 5307	20.507	CA-2022-094	-	650,000
ARPA - 5307	20.507	CA-2021-215	-	9,009,851
Solar Construction (FY21 CMAQ Transfer)	20.507	CA-2021-001	-	1,087,638
Rolling Stocks <30 RV (FY21 CMAQ Transfer)	20.507	CA-2021-001	-	3,546
Subtotal 20.507 - Formula Grants (Urbanized Area Formula Program)			-	16,017,943
<b>Bus and Bus Facilities Formula Program (Bus Program) (Section 5339)</b>				
Acquire Stationary Bus - FVM Purchase and Installation (FY17-19 5339)	20.526	CA-2020-154	-	1,857
Rehab/Rebuild Spare Parts (FY17-19 5339)	20.526	CA-2020-154	-	80,767
Bus Video Standardization Project (FY20 5339a)	20.526	CA-2021-108	-	30,820
Bus Rolling Stock - Buy Replacement 40-FT Bus	20.526	CA-2018-115	-	915,008
Subtotal 20.526 - Bus and Bus Facilities Formula Program (Bus Program)			-	1,028,452
<b>Total 20.507 and 20.526 Federal Transit Cluster Direct Programs</b>			-	17,046,395
<b>Public Transportation Innovation Program (Section 5312)</b>				
Research, Development, Demo/Deploy and Evaluation (FY19 5312)	20.530	CA-2020-150-01	-	90,550
Subtotal 20.530 - Public Transportation Innovation Program			-	90,550
<b>Total 20.530 Public Transportation Innovation Direct Program</b>			-	90,550
<b>Pass-Through Programs From State of California, Department of Transportation:</b>				
<b>Formula Grants for Rural Areas (Section 5311)</b>				
Operating Assistance - CARES Act Phase I	20.509	64VO20-01101	-	1,277,350
Operating Assistance - FY21 5311	20.509	64BO21-01734	-	170,032
Subtotal 20.509 Formula Grants for Rural Areas (Section 5311)			-	1,447,382
<b>Total Pass-Through Programs</b>			-	1,447,382
<b>TOTAL CURRENT EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 18,584,327

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1 – REPORTING ENTITY**

San Joaquin Regional Transit District (the District) receives federal awards directly from the U.S. Department of Transportation and awards passed through the State of California, Department of Transportation. The total amount of such awards is included on the Schedule of Expenditures of Federal Awards (SEFA).

**NOTE 2 – BASIS OF PRESENTATION**

The accompanying SEFA includes all federal grants and contracts of the District that had activity during the year ended June 30, 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District. This schedule has been prepared on the accrual basis of accounting. Grants and contracts expenditures are recorded when the liability is incurred.

**NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Total expenditure amounts reported in the accompanying SEFA agree with the total expenditure amounts reported in the related federal financial reports in all material respects. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 4 – INDIRECT COST RATE**

The District uses the 10% de minimis indirect cost rate allowed under the Uniform Guidance, when applicable.



## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
  - a. Material weakness identified? \_\_\_\_\_ Yes      X   No
  - b. Significant deficiencies identified  
not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No
3. Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

*Federal Awards*

1. Internal control over major federal programs:
  - a. Material weakness identified? \_\_\_\_\_ Yes      X   No
  - b. Significant deficiencies identified  
not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No
2. Type of auditor's report issued on compliance  
for major programs: Unmodified
3. Any audit findings disclosed that are required to be  
reported in accordance with the Uniform Guidance? \_\_\_\_\_ Yes      X   No

4. Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.507/20.526	Federal Transit Cluster
20.509	Formula Grants for Rural Areas

5. Dollar threshold used to distinguish between Type A and  
Type B programs: \$750,000
6. Auditee qualified as low-risk auditee under the Uniform  
Guidance?   X   Yes    \_\_\_\_\_ No

**II. FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings for the year ended June 30, 2022.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no federal award findings and questioned costs noted for the year ended June 30, 2022.



Attachment C  
Cover Page

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**  
**REPORTS TO THE BOARD**  
**OF DIRECTORS**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2022**

## SAN JOAQUIN REGIONAL TRANSIT DISTRICT

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**REQUIRED COMMUNICATION TO THE BOARD OF DIRECTORS IN  
ACCORDANCE WITH PROFESSIONAL STANDARDS (SAS 114)**

To the Board of Directors of  
San Joaquin Regional Transit District  
Stockton, California

We have audited the financial statements of the San Joaquin Regional Transit District (the District) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 13, 2022. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters***Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1, Summary of Significant Accounting Policies, to the financial statements. As described in Note 1, the District implemented Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, and GASB Statement No. 92, *Omnibus 2020*. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- *Estimate of Depreciation:* Management's estimate of depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful lives of assets as disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- *Self-Insurance Claims:* Management's estimate of the liability for public liabilities claims and workers' compensation claims to be paid for which the District is self-insured is disclosed in Note 9 to the financial statements, and includes management's estimate of ultimate costs for both reported claims and claims incurred but not reported and determined that it is reasonable in relation to the basic financial statements taken as a whole.

- *Estimated Net Pension Liability:* Management's estimate of the net pension liability is disclosed in Note 11 to the financial statements and is based on management's estimates. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.
- *Estimated Net Other Post-Employment Benefits (OPEB) Liability:* Management's estimate of the net OPEB liability is disclosed in Note 12 to the financial statements and is based on management's estimates. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures for cash and cash equivalents in Note 2 to the financial statements were derived from the District's investment policy. Management's estimate of the fair value of investments is derived by various methods as detailed in Note 1.
- The disclosures for self-insurance claims in Note 9 to the financial statements were derived from the District's policy to accrue estimated liability for the self-insured portion of these claims. Management's estimate of the liability is estimated through an actuarial calculation using known pending claims and statistical analyses of historical claims data as detailed in Note 9.
- Additionally, the disclosures for the Defined Benefit Pension Plan in Note 11 and Other Post-Employment Benefits in Note 12 to the financial statements, which are based on actuarial valuations and involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.

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

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

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any misstatements as a result of our audit procedures.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 28, 2022.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*

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

#### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions to the Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, and the Schedule of Contributions to the OPEB Plan, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Introductory Section and Statistical Section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Restriction on Use**

This information is intended solely for the information and use of the members of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Stockton, California  
December 28, 2022



**AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE  
EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING  
(MANAGEMENT LETTER)**

To the Board of Directors of  
San Joaquin Regional Transit District  
Stockton, California

In planning and performing our audit of the basic financial statements of the San Joaquin Regional Transit District (the District) as of and for the fiscal year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

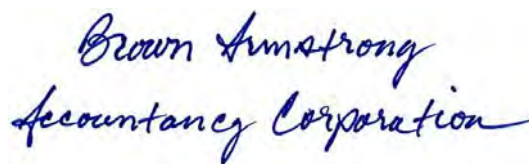
During our audit, we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

**Restriction on Use**

This communication is intended solely for the information and use of the Board of Directors and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Stockton, California  
December 28, 2022

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



## **Current Year Agreed Upon Conditions and Recommendations**

No recommendations in the current year.

## **Prior Year Agreed Upon Conditions and Recommendations**

### **AUC-2021-01 – Review and Update Information Technology (IT) Policies and Procedures**

San Joaquin Regional Transit District's (the District) IT Policies and Procedures for purposes of IT management are outdated. The last review and revision were noted to be made ranging from 1-9 years ago. The use of policies and the tactical use of procedures serve as management guidelines to help ensure the technology-enabled components and processes of the District will function as intended, ensure proper succession planning, and training of future IT personnel. In addition, up-to-date IT policies and procedures enable proper IT governance.

With outdated IT Policies and Procedures, management faces the risk of undocumented operational procedures within the IT function, a lack of awareness of the appropriate tasks which must be performed on a regular basis in order to ensure the proper utility of IT resources, the protection and confidentiality of data, and system management measures.

#### **Recommendation**

Management should ensure that IT Policies and Procedures have been adequately developed for the proper administration of IT functions. Committing the policies and procedures to writing would ensure a higher level of operational compliance and would provide grounds for management action if operational procedures do not meet their objectives. A management review of all policies and procedures should be performed, at least, on an annual basis to ensure the capture of new changes and deletions of processes and technologies.

#### **Management's Response**

We postponed updating our policies and procedures and focused on participating in the development of the Business Continuity Plan (BCP). As part of that participation, we documented all aspects of each of the operational systems' environments (hardware, software, peripheral equipment, related software, network, and access needs). We are working with a vendor (Info-Tech Research Group) on updating our policies. With the departure of the lead on the BCP, the risk analyst is taking on the overall task and is working with Info-Tech Research Group on the IT specific portions of the BCP and the Disaster Recovery Plan (DRP).

#### **Current Year Status**

The District has issued updated IT Policies and Procedures in June 2022.

### **AUC-2021-02 – Business Continuity Plan and Testing**

It was noted that a BCP has not been formally documented. Although management informally understands the District's BCP requirement, it is imperative that a documented plan exist. This will require an organization-wide effort to ensure completeness from each department. Through inquiry, it was noted that a current project is ongoing for the Risk Department to establish a BCP and Testing. The Disaster Recovery Plan (DRP) will be revised once the BCP is completed.

Lack of an organization-wide BCP may hinder the District's ability to recover its operations during a disaster. Delays in its ability to recover its operations could have a significant impact on its operational performance and results.

### Recommendation

To ensure prompt and proper reaction to service disruptions, we recommend that management document an organization-wide BCP. The BCP should be detailed and well organized to reflect the chosen strategies and activities for business resumption. The BCP should address and/or include the following areas:

- Identification of key business processes internally and externally,
- Identification and evaluation of both interim and long-term recovery strategies,
- Identification and documentation of recovery teams and personnel,
- Identification and development of resource requirements including supplies and equipment, and
- Identification and documentation of business recovery procedures including those related to:
  - IT and telecommunications,
  - Recovery procedures training,
  - Plan testing and maintenance,
  - Identification of critical business forms and supplies, and
  - Detailed backup restoration procedures for all key systems.

### Management's Response

The BCP lead has left the organization and the risk analyst is working on this. Currently the risk analyst is working with department managers on essential agency functions (EAF) and then will schedule multiple table-top exercises to validate the BCP. The BCP is anticipated to be completed by August 31, 2022.

### Current Year Status

The District has completed and formally documented the BCP in August 2022.



Attachment D  
Cover Page



# Results of SJRTD Financial Statement Audit for the Fiscal Year Ended June 30, 2022

**Brown Armstrong**

**Accountancy Corporation**

4200 Truxtun Avenue, Suite 300, Bakersfield, California 93309 | 661.324.4971 | Fax 661.324.4997

2423 W. March Lane, Suite 202, Stockton, California 95207

[www.ba.cpa](http://www.ba.cpa)

Contacts: Neeraj Datta, CPA, CGMA, Partner [ndatta@ba.cpa](mailto:ndatta@ba.cpa)  
Sarabeth Prior-Dalmas, CPA, Manager [sprior-dalmas@ba.cpa](mailto:sprior-dalmas@ba.cpa)

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**BROWN  
ARMSTRONG**  
CERTIFIED PUBLIC ACCOUNTANTS

January 4, 2023

The Board of Directors  
San Joaquin Regional Transit District  
Stockton, California

We are pleased to present to you the results of our audit of the San Joaquin Regional Transit District (SJRTD) audit reports for the fiscal year ended June 30, 2022.

We look forward to presenting the results of the audit and addressing your questions.

Sincerely,

Neeraj Datta, CPA, CGMA  
*Partner*

Brown Armstrong Accountancy Corporation

# Agenda

- ▶ Audit Timeline/Critical Dates List
- ▶ Results of the Audit
  - Audit Opinion on Annual Comprehensive Financial Report
  - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
  - Single Audit in Accordance with Uniform Guidance
  - Required Communication to the Board of Retirement and Audit Committee in Accordance with Professional Standards (SAS 114)
  - Agreed Upon Conditions Report (Management Letter)
- ▶ Financial Statement Review Process
- ▶ Thank Staff/Questions?

# Audit Timeline/Critical Dates

- Audit Planning Information Request – May 24, 2022
- Interim Fieldwork onsite – June 13, 2022
  - Walkthroughs and Understanding of Key Accounting Areas
  - Testing of Internal Controls
  - Update Minutes and Agreements
- Final Fieldwork onsite – October 17, 2022
  - Substantiate all Accounts and Balances
  - Review Confirmation Responses
- Draft ACFR and Audit Reports – November/December 2022
- Audit Opinions Issued – December 28, 2022
- Reports presented to Finance and Audit Committee– January 4, 2023



# Results of the Audit

Report	Summary of Opinion / Required Communication
Independent Auditors Report (Opinion)	<p>Framework</p> <ul style="list-style-type: none"> <li>Financial Statements: <ul style="list-style-type: none"> <li>U.S. Generally Accepted Accounting Principles</li> </ul> </li> <li>Audit Standards: <ul style="list-style-type: none"> <li>U.S. Generally Accepted Auditing Standards</li> <li><i>Government Auditing Standards</i></li> </ul> </li> </ul> <p>SJRTD's Basic Financial Statements fairly present, in all material respects:</p> <ul style="list-style-type: none"> <li>Statements of Net Position</li> <li>Statements Revenues, Expenses, and Changes in Net Position</li> <li>Statements of Cash Flows</li> <li>Notes to the Basic Financial Statements</li> </ul> <p>Unmodified (Clean) Opinion on the Basic Financial Statements</p>

# Results of the Audit (Continued)

Report	Summary of Opinion / Required Communication
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	<ul style="list-style-type: none"> <li>• No noncompliance noted</li> <li>• No material weaknesses, significant deficiencies, or control deficiencies identified</li> </ul>
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	<ul style="list-style-type: none"> <li>• Unmodified (Clean) Opinion</li> <li>• Total Federal Expenditures – \$18.6 million</li> <li>• Financial Statement Findings – None</li> <li>• Federal Award Findings and Questioned Costs – None</li> <li>• See results of Federal Awards on the next slide</li> </ul>

# Results of the Audit (Continued)

## *Federal Awards*

1. Internal control over major federal programs:

a. Material weakness identified? ☐ Yes ☒ No

b. Significant deficiencies identified  
not considered to be material weaknesses? ☐ Yes ☒ No

2. Type of auditor's report issued on compliance  
for major programs:

Unmodified

3. Any audit findings disclosed that are required to be  
reported in accordance with the Uniform Guidance?

☐ Yes ☒ No

4. Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

20.507/20.526  
20.509

Federal Transit Cluster  
Formula Grants for Rural Areas

5. Dollar threshold used to distinguish between Type A and  
Type B programs:

\$750,000

6. Auditee qualified as low-risk auditee under the Uniform  
Guidance?

☒ Yes ☐ No

# Results of the Audit (Continued)

Report	Summary of Required Communication
<p>Required Communication to the Board of Directors in Accordance with Professional Standards (SAS 114)</p>	<ul style="list-style-type: none"> <li>• Auditor Responsibility in Relation to the Financial Statement Audit</li> <li>• Qualitative Aspects of Accounting Practices                             <ul style="list-style-type: none"> <li>• Significant Accounting Estimates and Sensitive Financial Statement Disclosures                                     <ul style="list-style-type: none"> <li>• Depreciation</li> <li>• Self-Insurance claims</li> <li>• Net Pension Liability</li> <li>• Net OPEB Liability</li> </ul> </li> </ul> </li> <li>• Significant Difficulties Encountered in Performing the Audit – None</li> <li>• Corrected and Uncorrected Misstatements – None</li> <li>• Disagreements with Management – None</li> <li>• Other Audit Findings or Issues – None</li> <li>• Other Matters – Information in the ACFR containing Audited Basic Financial Statements</li> </ul>

# Results of the Audit (Continued)

Report	Summary of Communication
<p>Agreed Upon Conditions Report Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting (Management Letter)</p>	<ul style="list-style-type: none"> <li>• Current Year and Prior Year Recommendations                             <ul style="list-style-type: none"> <li>• No current year recommendations</li> <li>• AUC-2021-01 Review and Update Information Technology Policies and Procedures</li> <li>• AUC-2021-02 Business Continuity Plan and Testing</li> </ul> </li> </ul>

# Financial Statement Review

- ▶ Review Process
  - Administrative Review
  - Engagement Team Review
  - GFOA Review
  - Quality Control Review
  
- ▶ Federal Audit Clearinghouse – Single Audit Submission

# Thank Staff/Questions?



**Sarabeth Prior-Dalmas, CPA | Manager**

📞 661-324-4971

✉️ [sprior-dalmas@bacpas.com](mailto:sprior-dalmas@bacpas.com)

📍 4200 Truxtun Ave., Suite 300  
Bakersfield, California 93309



**Neeraj Datta, CPA, CGMA | Partner**

📞 661-324-4971

✉️ [ndatta@bacpas.com](mailto:ndatta@bacpas.com)

📍 4200 Truxtun Ave., Suite 300  
Bakersfield, California 93309



Attachment E  
Cover Page





# MEMORANDUM

**DATE:** January 04, 2023

**TO:** BOARD OF DIRECTORS

**FROM:** FINANCE AND AUDIT COMMITTEE  
CHAIR MICHAEL RESTUCCIA  
DIRECTOR GARY GIOVANETTI

**SUBJECT:** FY 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND FY 2022 SINGLE AUDIT

The Finance and Audit Committee met on Wednesday, January 04, 2023, to review the FY 2022 ACFR and FY 2022 Single Audit Report.

The Finance and Audit Committee has reviewed the FY 2022 ACFR and FY 2022 Single Audit Report and endorses it to the Board for approval.

A handwritten signature in blue ink, appearing to read "M Restuccia", is written over a horizontal line.

Chair Michael Restuccia

A handwritten date "1/4/2023" in blue ink is written over a horizontal line.

Date

A handwritten signature in blue ink, appearing to read "Gary S. Giovanetti", is written over a horizontal line.

Director Gary Giovanetti

A handwritten date "1/4/23" in blue ink is written over a horizontal line.

Date



Attachment F  
Cover Page

RESOLUTION NO. \_\_\_\_  
DATED: JANUARY 20, 2023

RESOLUTION APPROVING THE FY2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT  
(ACFR) AND FY2022 SINGLE AUDIT REPORT

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District that the FY2022 Annual Comprehensive Financial Report (ACFR) and FY2022 Single Audit Report, as submitted by Brown Armstrong Accountancy Corporation be, and hereby is, approved.



**LEAD STAFF:**           **CHRISTOPHER WADDELL**  
                                 **RTD RETIREMENT BOARD LEGAL COUNSEL**

**REPORT:**               **RETIREMENT PLAN AMENDMENT PROVIDING FOR**  
                                 **ALTERNATE RETIREMENT BOARD MEMBERS**

**I.       SUMMARY**

- RTD's Retirement Board members would like to designate alternates other than the Umpire Member to serve in their stead when the Board Member cannot attend a Retirement Board meeting.
- For this change to occur, an amendment to the Retirement Plan is necessary.
- The RTD Board would adopt the attached proposed Plan amendment.

**II.     DISCUSSION/BACKGROUND**

At its September 15, 2022 meeting, the Retirement Board considered a memorandum concerning the designation by Retirement Board members other than the Umpire Member of alternates to serve in their stead when the Board Member is unable to attend a Retirement Board meeting. This memorandum covered language for a proposed Retirement Board Bylaw. It noted that to effectuate this change, an amendment to the Retirement Plan would be necessary, as the composition of the Retirement Board is spelled out in the Retirement Plan document.

Attached for the Board's consideration is a proposed Plan amendment to effectuate this change. The proposed amendment also addresses the process for the appointment of the Non-Represented employee representative on the Retirement Board, which the CEO has discussed with RTD's Non-Represented employees.

This Plan amendment would become effective upon its adoption by the RTD Board.

The Bylaw language provided with the September 15 memorandum sets forth a number of provisions applicable to each alternate. These have been incorporated into the comprehensive set of proposed Bylaws for the Retirement Board's consideration.

**III. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This recommendation aligns with the Board's Strategic Priority 4.

Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

None.

**V. CHANGES FROM COMMITTEE**

N/A

**VI. ALTERNATIVES CONSIDERED**

None.

**VII. ATTACHMENTS**

**Attachment A:** Proposed Retirement Plan Amendment

**Attachment B:** Resolution

Prepared by: Christopher Waddell, RTD Retirement Board Legal Counsel



Attachment A  
Cover Page

**DRAFT PROPOSED RETIREMENT PLAN AMENDMENT—ALTERNATE  
RETIREMENT BOARD MEMBERS**

**SECTION 15. ADMINISTRATION**

A. This Retirement Plan shall be administered by the Retirement Board, which shall be composed of five (5) members, two (2) members as representatives of RTD (one being a member of the RTD Board of Directors and one Non-Represented Employee representative) and two (2) representatives of the Union, and one Umpire Member (who shall only participate as a member of the Retirement Board when there is a deadlock vote of the other four members). The Non-Represented Employee representative need not be an RTD employee and shall be appointed by the RTD Board upon the recommendation of the CEO with the concurrence of RTD's Non-Represented employees. Each Retirement Board member other than the Umpire member may designate an alternate, whose appointment shall be approved by the Retirement Board before commencing service. The Retirement Board shall administer all of the provisions of this Retirement Plan. Its duties, among others, shall include:

- (1) It shall authorize the employment of such actuarial, and other professional services as it may deem appropriate.
- (2) It shall be responsible for the filing and maintaining of personnel records necessary or operation of this Retirement Plan.
- (3) It shall authorize the payment of retirement benefits under this Retirement Plan.
- (4) It shall approve mortality tables, interest rates, and other actuarial factors to be used in determining the requirements of this Retirement Plan. The Retirement Board shall determine the amount of any benefit that is determined on the basis of actuarial assumptions using assumptions adopted by the Board by rule or policy; such benefits shall not be subject to Employer discretion.
- (5) Such duties as are prescribed by the San Joaquin Regional Transit District Act, including all amendments of this Retirement Plan.
- (6) It shall, among other things, interpret the provisions of the Plan, hear and decide all appeals from participants and beneficiaries with respect to application and/or interpretation of the provisions of the Plan, enter into any and all contracts in the name of the Plan or Retirement Board and do all acts that the Retirement Board in its sole discretion, deems necessary and advisable to carry out its duties and obligations as prescribed by law, the Collective Bargaining Agreement and this Plan.
- (7) The Retirement Board shall adopt such rules and procedures for the conduct of its meetings and determine the time and place of its meetings.
- (8) The Retirement Board shall not engage in a transaction prohibited by Section 503(b) of the Code.

Remaining subsections of Section 15 unchanged



Attachment B  
Cover Page



RESOLUTION NO. \_\_\_\_  
DATED: JANUARY 20, 2023

RESOLUTION APPROVING THE RETIREMENT PLAN AMENDMENT PROVIDING FOR  
ALTERNATE RETIREMENT BOARD MEMBERS

WHEREAS, The San Joaquin Regional Transit District (RTD) Retirement Board members would like to designate alternates other than the Umpire Member to serve in their stead when the Board Member is unable to attend a Retirement Board meeting; and

WHEREAS, an amendment to the Retirement Plan is necessary, as the composition of the Retirement Board is spelled out in the Retirement Plan document; and

WHEREAS, the proposed amendment also addresses the process for the appointment of the Non-Represented employee representative on the Retirement Board, which the CEO has discussed with RTD's Non-Represented employees; and

WHEREAS, a comprehensive set of proposed Bylaws was provided to the Retirement Board for their review and consideration that sets forth a number of provisions applicable to each alternate; and

WHEREAS, the Non-Represented Employee representative need not be an RTD employee and shall be appointed by the RTD Board upon the recommendation of the CEO with the concurrence of RTD's Non-Represented employees. Each Retirement Board member other than the Umpire member may designate an alternate, whose appointment shall be approved by the Retirement Board before commencing service.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District that the amended Retirement Plan be, and hereby is, approved.



**LEAD STAFF:**        **THOMAS MLADY, SAFETY AND SECURITY MANAGER**

**I.        RECOMMENDED ACTION:**

Approve an amendment to resolution No. 6087 to correct an administrative error, changing the contract amendment number from the second amendment to the third amendment. No substantive corrections are needed.

**II.       SUMMARY:**

- On December 12, 2022, RTD's Board of Directors approved Resolution No. 6087 as the second amendment to the contract for security guard services with First Alarm Security & Patrol, Inc.
- RTD's staff discovered a non-substantive administrative error on the approved amendment number in Resolution 6087.
- The amendment number in Resolution 6087 should be three (3) and not two (2).
- Financial impact remains the same increasing the contract amount with First Alarm Security and Patrol, Inc. by \$250,000 for additional security guard services for a total contract amount not to exceed \$2,385,031.

**III.      DISCUSSION/BACKGROUND**

On December 12, 2022, RTD's Board approved Resolution No. 6087, authorizing the second amendment to the contract with First Alarm Security and Patrol, Inc. The resolution authorized a contract increase of \$250,000 for a new contract amount not to exceed \$2,385,031 through April 30, 2023.

In reviewing the contract, staff discovered an administrative error on the approved amendment number in Resolution No. 6087. The amendment number on the resolution to increase the total contract should have been amendment number three (3). The requested contract updates were correct, only the amendment number was in error.

**IV.      STRATEGIC PLAN PRIORITIES ALIGNMENT**

This report aligns with the Board's Strategic Priorities 3, 4 and 5.  
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**V. FINANCIAL CONSIDERATIONS/IMPACT**

The financial impact remains the same, as nothing other than the amendment number. However, the financial impact as stated on the original resolution is below.

Due to the requested extension, the increase in pay, services and responsibilities, the contract amount will be exhausted before the contract concludes. As a result, RTD must increase the contract amount by \$250,000 for a total contract amount not to exceed \$2,385,031 through April 30, 2023. While not specifically budgeted for security, money was budgeted for the assigned Stockton Police Officer, and that budgeting will be used to help offset the requested cost.

**VI. CHANGES FROM COMMITTEE**

N/A

**VII. ALTERNATIVES CONSIDERED**

Doing nothing is an alternative, however, this would result in exhaustion of the budget for this contract before the end of the term—leaving RTD without a means to provide adequate security for its facilities.

**VIII. ATTACHMENTS**

**Attachment A:** Resolution No. 6087 with highlighted errors  
**Attachment B:** Resolution with highlighted corrections  
**Attachment C:** Original Contract

Prepared by: Thomas Mlady, Safety and Security Manager

**VIII. APPROVALS**

Sylvester Donelson, Jr.,  
Director of Procurement

Financial Impact Approved:  
Robert Kyle, CFO

Alex Clifford, CEO

Three handwritten signatures in black ink are positioned on horizontal lines. The first signature is at the top, the second is in the middle, and the third is at the bottom. The signatures are stylized and cursive.



Attachment A  
Cover Page

RESOLUTION NO. 6087  
DATED: DECEMBER 12, 2022

RESOLUTION AUTHORIZING EXECUTION OF A **SECOND AMENDMENT** TO THE CONTRACT WITH FIRST ALARM SECURITY AND PATROL, INC. FOR SECURITY GUARD SERVICES WITH AN INCREASE OF \$250,000, FOR ADDITIONAL SECURITY GUARD SERVICES FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$2,385,031 THROUGH APRIL 30, 2023

WHEREAS, San Joaquin Regional Transit District (RTD) contracts for security services to respond to security concerns, act as a deterrent to crime, reduce fare evasion, and promote a safer transit experience on buses and RTD's facilities to maximize safety and minimize risk; and

WHEREAS, on February 1, 2018, RTD entered into a contract for security guard services with First Alarm Security & Patrol, Inc. for a three-year base term with two one-year options for a total contract amount of \$1,385,031; and

WHEREAS, on January 21, 2022, the Board of Directors approved the first amendment to the contract with First Alarm Security & Patrol, Inc. to increase the contract amount by \$750,000 in order to provide additional security guards to various RTD properties; and

WHEREAS, RTD now desires to amend the contract with First Alarm Security & Patrol, Inc. to extend security services until April 30, 2023, and increase the contract amount by \$250,000 in order provide additional security guard services (both stationary and roving) and related supervisory support, in part to compensate for the loss of RTD's contract with Stockton Police Department.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District as follows:

1. The Chair of the Board and the CEO are authorized to execute the **second amendment** to the contract with First Alarm Security & Patrol, Inc. for Security Guard Services to increase the contract amount by \$250,000 for additional security guard services, for a total contract amount not to exceed \$2,385,031, in a form approved by Legal Counsel.

Alex Clifford, the duly appointed, qualified, and acting Secretary of the San Joaquin Regional Transit District, does hereby certify that the foregoing is true and exact copy of the Resolution passed and adopted at a regular meeting of the Board of Directors of said District held on December 12, 2022.

DATED: December 12, 2022



---

ALEX CLIFFORD, SECRETARY



Attachment B  
Cover Page



RESOLUTION NO. \_\_\_\_  
DATED: JANUARY 20, 2023

RESOLUTION AUTHORIZING EXECUTION OF A **THIRD AMENDMENT** TO THE CONTRACT WITH FIRST ALARM SECURITY AND PATROL, INC. FOR SECURITY GUARD SERVICES WITH AN INCREASE OF \$250,000, FOR ADDITIONAL SECURITY GUARD SERVICES FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$2,385,031 THROUGH APRIL 30, 2023

WHEREAS, San Joaquin Regional Transit District (RTD) contracts for security services to respond to security concerns, act as a deterrent to crime, reduce fare evasion, and promote a safer transit experience on buses and RTD's facilities to maximize safety and minimize risk; and

WHEREAS, on February 1, 2018, RTD entered into a contract for security guard services with First Alarm Security & Patrol, Inc. for a three-year base term with two one-year options for a total contract amount of \$1,385,031; and

WHEREAS, on January 21, 2022, the Board of Directors approved the first amendment to the contract with First Alarm Security & Patrol, Inc. to increase the contract amount by \$750,000 in order to provide additional security guards to various RTD properties; and

WHEREAS, on May 04, 2022, RTD executed the second amendment to the contract with First Alarm Security & Patrol, Inc. to increase the billing hourly rates set forth in Exhibit A of the Contract, which increased the guards hourly pay rate; and

WHEREAS, RTD now desires to amend the contract with First Alarm Security & Patrol, Inc. to extend security services until April 30, 2023, and increase the contract amount by \$250,000 in order provide additional security guard services (both stationary and roving) and related supervisory support, in part to compensate for the loss of RTD's contract with Stockton Police Department.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District as follows:

- 1) The Chair of the Board and the CEO are authorized to execute the **third amendment** to the contract with First Alarm Security & Patrol, Inc. for Security Guard Services to increase the contract amount by \$250,000 for additional security guard services, for a total contract amount not to exceed \$2,385,031, in a form approved by Legal Counsel.



Attachment C  
Cover Page



January 29, 2018

Via Certified Mail  
7012 3050 0001 4647 6950

First Alarm Security & Patrol, Inc. DBA First Security Services  
Attn: Cal Horton, President  
1731 Technology Dr. Ste. 800  
San Jose, CA 95110

Subject: Contract No.: 2018-002-S, Security Guard Services  
**Notice of Contract Execution, Notice to Proceed and Purchase Order**

Dear Mr. Horton:

Enclosed for your files is a fully executed Contract for the subject services, for a period of three (3) years (2/1/18-1/31/21), unless terminated sooner in accordance with the terms of the Contract.

Please Note: There are two 1-year options associated with this Contract. Should RTD choose to exercise said options, First Security Services will be notified in writing, in accordance with the terms of the Contract.

This letter also constitutes your Notice to Proceed effective February 1, 2018. Services shall be performed within the schedule specified in the Contract, or as agreed upon between the Contractor and RTD's project management.

For the duration of Contract No. 2018-002-S please reference Purchase Order No. **P121321** on each invoice submitted to San Joaquin Regional Transit District (RTD). For timely processing, mail (or email [adeborba@sjRTD.com](mailto:adeborba@sjRTD.com)) your invoice to:

San Joaquin RTD, Attn: Accounts Payable  
Purchase Order No. **P121321**  
P.O. Box 201010  
Stockton, CA 95201

Cameron Isaacson, Operations Superintendent - Transportation, will be the primary contact for administration of this Contract, and you can reach him at (209) 467-6610 or by email at [cisaacson@sjRTD.com](mailto:cisaacson@sjRTD.com).

GENERAL MANAGER/CEO: Donna DeMartino

BOARD OF DIRECTORS: CHAIR Michael Restuccia • VICE CHAIR Les J. Fong • Joni Bauer • Gary S. Giovanetti • Balwinder T. Singh

**SAN JOAQUIN REGIONAL TRANSIT DISTRICT**

P.O. Box 201010 • Stockton, CA 95201 • (209) 943-1111 • (209) 948-8516 Fax • [sanjoaquinRTD.com](http://sanjoaquinRTD.com)

Should you have any questions regarding this Notice, please contact me at (209) 467-6657 or by email at [adeborba@sjRTD.com](mailto:adeborba@sjRTD.com).

Sincerely,

*Adriana de Borba*

Adriana de Borba, Contracts Senior Specialist

Via Email: [chorton@firstsecurityservices.com](mailto:chorton@firstsecurityservices.com)  
[thl@californiaemployerresources.org](mailto:thl@californiaemployerresources.org)

Enclosure: Contract No. 2018-002-S

c: Document Control

e-copies: Gloria Salazar, Deputy CEO  
Al W. Hoslett, Attorney for RTD  
Cameron Isaacson, Operations Superintendent – Transportation  
Jean Foletta-Morales, Chief Operating Officer



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**CONTRACT FOR  
SECURITY GUARD SERVICES**

**Contract No.: 2018-002-S  
Solicitation No: 2017-R110153-S**

THIS AGREEMENT is made and entered into as of this 1<sup>st</sup> day of February, 2018, at Stockton, California, by and between SAN JOAQUIN REGIONAL TRANSIT DISTRICT, a body corporate and politic, created and existing under and pursuant to the laws of the State of California, hereinafter referred to as "RTD," and FIRST ALARM SECURITY & PATROL, INC. DBA FIRST SECURITY SERVICES, a California corporation, hereinafter referred to as "Contractor."

WITNESSES THAT:

WHEREAS, Contractor was the successful Proposer on the project of RTD hereinafter described and has furnished the required Bonds, if any, to RTD in the form required by those certain RFP entitled, "REQUEST FOR PROPOSAL FOR SECURITY GUARD SERVICES," dated September 22, 2017; and,

WHEREAS, the Contract for said project was awarded to Contractor by Resolution No. 5765 passed and adopted by Board of Directors of RTD on January 12, 2018.

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the parties thereto as follows:

**4.1 CONTRACT DOCUMENTS:**

- 4.1.1 Complete Contract: The complete Contract between the parties shall consist of the following component parts, to-wit: This instrument; the NOTICE INVITING PROPOSALS; the addenda, if any; the accepted Proposal Form, including all required attached documents; the required bond(s) fully executed; and each of the component parts of the "REQUEST FOR PROPOSAL FOR SECURITY GUARD SERVICES," Solicitation No. 2017-R110153-S, dated September 22, 2017.

This instrument and the other documents mentioned above in this Part 4.1 constitute the complete Contract between the parties and the said other documents are as fully a part of this Contract as if hereto attached or herein repeated.

- 4.1.2 Order of Preference: In the event of any discrepancy between or among the portions of the Contract documents, the following shall take precedence: (a) Amendments; (b) Contract; (c) Addenda; (d) Special Provisions/Technical Specifications; (e) Proposal; and (f) Instructions.
- 4.1.3 In no event may Contractor's final plans and specifications relieve any requirement contained in other portions of the Contract Documents, unless RTD has expressly agreed to waive the Contract requirement in writing. This provision shall apply even when Contractor's final plans and specifications are incorporated within the Contract Documents by an Amendment.



#### 4.2 TIME FOR PERFORMANCE:

- 4.2.1 Current Contract: RTD's current contract ends January 31, 2018. Contractor may be required to perform account setup and other commencement services as needed prior to January 31, 2018 to ensure smooth transition and no lapse in services.
- 4.2.2 Notice to Proceed: Contractor shall be responsible for commencing the Project within fifteen (15) days of receiving from RTD a Notice to Proceed, or on February 1, 2018, whichever is sooner. Contractor and RTD shall take all necessary steps to prevent any lapse in service at no additional charge to RTD.
- 4.2.3 Original Contract Term: The original Contract term shall be for three (3) years, commencing on February 1, 2018 through January 31, 2021 unless terminated sooner, in accordance with terms of this Contract.
- 4.2.4 Contract Renewal: There are two (2) one-year Contract Renewal options associated with this Contract. RTD may renew said Contract by exercising one or both of the following Contract Renewal Terms, in accordance with the provisions of this Contract.

4.2.4.1 Renewal Option Number 1:

- a) Renewal Notification: RTD shall notify Contractor, in writing, at least ninety (90) days prior to the end of the original Contract term.
- b) Renewal Term: One (1) year, unless terminated sooner, in accordance with the provisions of this Contract.
- c) Begin Date: Renewal option number one (1) shall begin immediately upon expiration of the original three (3) year Contract term.

4.2.4.2 Renewal Option Number 2:

- a) Renewal Notification: RTD shall notify Contractor, in writing, at least ninety (90) days prior to the end of the Renewal Option Number 1 Contract term.
- b) Renewal Term: One (1) year, unless terminated sooner, in accordance with the provisions of this Contract.
- c) Begin Date: Renewal Option Number 2 shall begin immediately upon expiration of Renewal Option Number 1.

#### 4.3 CONTRACT PRICE:

- 4.3.1 Total Compensation: Total compensation, to be paid to Contractor, under this Agreement, shall not exceed \$1,385,030.40.
- 4.3.2 Rate of Compensation: RTD shall pay to the Contractor the hourly rates shown in the Price Proposal Form dated October 12, 2017, attached hereto as Exhibit A and incorporated herein, for security guard services as described in the RFP. The Contract's cumulative total shall not exceed the total compensation amount stated in Section 4.3.1.

4.3.3 Quantity of Work: RTD reserves the right to order any quantity of work pursuant to the Contract, which means that there shall be no minimum or maximum amount of work that will be ordered, either on an individual order basis or in total.

4.3.4 Travel and Expenses: All travel and related expenses are to be included within the prices submitted on the Price Proposal Forms.

4.4 WAIVERS:

A waiver of any of the conditions or provisions of the entire Contract between the parties hereto shall not be considered or deemed to be a waiver of any other condition or provision of said Contract or a waiver of the same condition at a future time.

4.5 INSURANCE, INSURANCE ENDORSEMENTS, AND CONDITIONS:

Without limiting any other obligation or liability under this Contract, the Contractor and its subcontractors, at its sole cost and expense, shall secure and keep in force during the entire term of the Contract or longer, as may be specified within Part II, Exhibit B – Minimum Insurance Requirements, the insurance coverage, limits, and endorsements indicated in the following table (A-D) below. The Contractor is to refer to **Part II, Exhibit B – Minimum Insurance Requirements** of the Contract Documents to obtain the Endorsements and Conditions associated with the coverage(s) indicated in the table below. Contractor and its subcontractors will comply with the Insurance Requirements set forth in Exhibit B, as it is incorporated into the Contract Documents defined in Part 4.1 of the Contract.

MINIMUM SCOPE AND LIMIT OF INSURANCE		
	TYPE OF INSURANCE COVERAGES (Coverage shall be at least as broad as those stated below)	MINIMUM COVERAGE LIMITS (Policies shall contain limits no less than those stated below)
<b>A</b>	<b><u>Commercial General Liability (CGL)</u></b>  Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an "occurrence" basis, including, but not limited to: Premises Liability; Products-Completed Operations, Contractual Liability; Personal and Advertising injury.	\$1,000,000.00 per occurrence  If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
<b>B</b>	<b><u>Automobile Liability</u></b>  ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9).  <b><u>Personal Automobile Liability</u></b> is acceptable for individual Contractors with no transportation or hauling related activities	\$1,000,000.00 per accident for bodily injury and property damage, any auto





<b>C</b>	<b><u>Workers' Compensation (WC) and Employers Liability (EL)</u></b>  As required by the State of California, with Statutory Limits, and Employer's Liability (EL) Insurance.  <b>Required for all Contractors and subcontractors with employees</b>	<u>WC</u> : Statutory Limits  <u>EL</u> : \$1,000,000.00 per accident for bodily injury or disease
<b>D</b>	<b><u>Professional Liability (Errors and Omissions)</u></b>  Insurance appropriate to the Contractor's profession.	\$1,000,000.00 per occurrence or claim  \$2,000,000.00 annual aggregate
<b>E.</b>	<b><u>Commercial Excess Liability Coverage</u></b>  Coverage for any and all Liabilities excess of the CGL Primary Liability policy but not limited to: Premises Liability; Products and Completed Operations; Contractual Liability; Personal Injury and Advertising Liability	\$5,000,000.00 per occurrence (CSL) Bodily Injury and Property Damage  \$5,000,000.00 Combined Annual Policy Aggregate

4.6 TIME IS OF THE ESSENCE:

Time is of the essence on this Contract.

4.7 HOLD HARMLESS PROVISION:

Contractor agrees to defend, indemnify and hold harmless RTD from any and all third party claims, losses, suits, demands, and liens including attorneys' fees and costs, brought against RTD, its officer or employees, for bodily injury, damage to property and/or death to persons resulting directly and proximately from the negligent or wrongful performance of services under this Agreement. Contractor shall defend or settle, at Contractor's own expense, any action or suit against RTD for which it is responsible hereunder. As a condition to any indemnity hereunder, RTD shall notify Contractor promptly of any claim for which it is responsible hereunder.

4.8 PROGRAM FRAUD AND FALSE OR FRAUDULENT STATEMENTS FOR RELATED ACTS:

4.8.1 Contractor acknowledges that the provisions of the program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. §§ 3801 *et seq.* and U.S. DOT Regulations, "Program fraud Civil Remedies," 49 C.F.R. Part 31, apply to its actions pertaining to this project. Upon execution of the underlying Contract, Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying Contract or the FTA assisted project for which this Contract work is being performed. In addition to other penalties that may be applicable, Contractor further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on Contractor to the extent the Federal Government deems appropriate.



- 4.8.2 Contractor also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a Contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. §5307, the Government reserves the right to impose the penalties of 18 U.S.C. §1001 and 49 U.S.C. §5307(n)(1) on Contractor, to the extent the Federal Government deems appropriate.
- 4.8.3 Contractor agrees to include the above two clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.

#### 4.9 DISPUTE RESOLUTION:

- 4.9.1 **Dispute:** Disputes arising in the performance of this Contract which are not resolved by agreement of the parties shall be decided in writing by the authorized representative of RTD. This decision shall be final and conclusive unless within ten (10) days from the date of the receipt of it copy, Contractor mails or otherwise furnishes a written appeal to RTD's Chief Executive Officer. In connection with any such appeal, Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its position. The decision of the Chief Executive Officer shall be binding upon Contractor and Contractor shall abide by the decision.
- 4.9.2 **Performance During Dispute:** Unless otherwise directed by RTD, Contractor shall continue performance under this Contract while matters in dispute are being resolved.
- 4.9.3 **Claims for Damages:** Should either party to this Contract suffer injury or damage to person or property because of any act or omission of the party or of any of its employees, agents, or others for whose acts it is legally liable, a claim for damages therefore shall be made in writing to such other party within a reasonable time after the first observance of such injury or damage.
- 4.9.4 **Remedies:** Unless this Contract provides otherwise, all claims, counterclaims, disputes, and other matters in question between RTD and Contractor arising out of or relating to this Contract or its breach will be decided by arbitration, if the parties mutually agree, otherwise in a court of competent jurisdiction within the County of San Joaquin, State of California.
- 4.9.5 **Rights and Remedies:** The duties and obligations imposed by the RFP and the right and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights, and remedies otherwise imposed or available by law. No action or failure to act by RTD, or its representatives, or Contractor shall constitute a waiver of any right or duty afforded any of them under the Contract, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically agreed in writing.

#### 4.10 RESPONSIBILITY:

- 4.10.1 Contractor will be responsible for the work performed under the terms of this Contract to the extent provided by law. Contractor agrees not to disclose information identified by



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RTD as proprietary to third parties, unless approved in advance by RTD or required by law.

- 4.10.2 RTD shall not be held liable or responsible for the maintenance and/or safety of Contractor's equipment or supplies placed upon RTD's property in accordance with this Agreement. Contractor acknowledges that it assumes full responsibility for any loss or damage to its equipment and supplies.

4.11 TERMINATION – MUTUAL CONSENT, BREACH AND CONVENIENCE:

- 4.11.1 The Contract may be terminated with the mutual consent of both parties, upon such terms and conditions as may be mutually agreed.
- 4.11.2 In the event that Contractor fails to perform the terms and conditions of the Contract, as required, after receiving ten (10) days written notice from RTD to do so, then and in such event, RTD may forthwith terminate this Contract. Under such circumstances, RTD shall be under no obligation to pay to Contractor the Contract price, or any portion thereof, unless RTD finds Contractor has partially performed said Contract and said partial performance benefits RTD, under which circumstances RTD shall pay to Contractor that portion of the Contract price which the part performance bears to the total performance, less all damages and losses suffered by RTD as a result of Contractor's failure to perform.
- 4.11.3 The rights afforded to RTD under this Part shall be in addition to any other rights provided by law or set forth in this IFB. RTD may exercise any or all of such rights, which individually or conjunctively will totally compensate RTD for the damages, suffered by RTD resulting from the default of Contractor.
- 4.11.4 RTD may terminate the Contract at any time for convenience by giving Contractor thirty (30) calendar days' prior written notice. Notice of termination shall be by certified mail, return receipt requested. Upon receipt of the notice of termination, Contractor shall cease work, wrap up and conclude work without undertaking any new tasks or work, deliver to RTD all work performed unless agreement and offset against the price for work retained by Contractor, as agreed by RTD. RTD will pay Contractor the cost for all materials, etc., ordered and received by Contractor, plus reasonable overhead and profit for the portion of work through termination.

**SIGNATURES APPEAR ON NEXT PAGE**

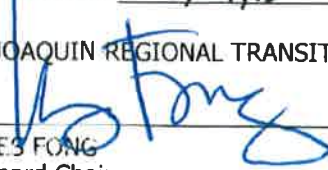


IN WITNESS THEREOF, the parties have executed these presents in several counterparts as of the day and year first above written.

RTD:

Date Executed: 1/29/18

SAN JOAQUIN REGIONAL TRANSIT DISTRICT

By:   
LES FONG  
Board Chair

By:   
DONNA DeMARTINO  
Chief Executive Officer

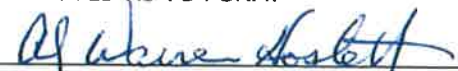
Address, Telephone, and Fax Numbers:

421 East Weber Avenue  
P.O. Box 201010  
Stockton, California 95201  
Telephone Number: (209) 948-0645  
Fax Number: (209) 948-3366

APPROVED:

  
SHARON MILLER  
Director of Procurement

APPROVED AS TO FORM:

  
AL WARREN HOSLETT  
Attorney for RTD

CONTRACTOR:

Date Executed: 01-17-18

FIRST ALARM SECURITY & PATROL, INC dba  
FIRST SECURITY SERVICES

By:   
Print Name: CAL HORTON  
Print Title: President

Address, Telephone, and Fax Numbers:

1731 Technology Drive, Suite 800  
San Jose, CA 95110  
Telephone Number: 831-600-8012  
Fax Number: 831-239-1963  
Email: [thl@californiaemployerresources.org](mailto:thl@californiaemployerresources.org)

FID Number: 77-0237870



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**EXHIBIT 'A'**

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**CONTRACT NO.: 2017-027-S**

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Procurement and Contract Services

**PRICE PROPOSAL FORM**

**Proposer should provide the Price Proposal Form in a separately sealed envelope along with the Cost Proposal Form.**

To: SAN JOAQUIN REGIONAL TRANSIT DISTRICT (RTD)  
421 EAST WEBER AVENUE, 2<sup>ND</sup> FLOOR  
P.O. BOX 201010  
STOCKTON, CALIFORNIA 95201  
ATTENTION: Director of Procurement

Ladies and Gentlemen:

Pursuant to and in compliance with your RFP for SECURITY GUARD SERVICES, dated September 22, 2017 the undersigned, being familiar with the RFP, and addenda, if any, thereto, hereby proposes to furnish any and all required services necessary to provide the required services to RTD, and in conformity with said RFP for the following sum, to-wit:

Pricing submitted on this Price Proposal Form shall cover all costs related to the services, as stated herein, including but not limited to, all direct and indirect costs to perform the services and produce the deliverables stated within this RFP. Seller must present the final pricing on the chart below. Pricing shall be inclusive of labor, materials, transportation, services, warranty, training, additional fees, discounts, rebates, equipment, and taxes necessary to provide the Project to RTD. All pricing will be subject to a maximum not-to-exceed figure, inclusive of all costs expressed in the Contract Documents. RTD shall have no liability for any fee, cost, or expense above the not-to-exceed figure.

The pricing portion of the Evaluation Criteria (Section 5.20) is non-subjective, and will be scored using a procurement formula, and dollar amounts stated within Proposal Form. Award will be made to the highest ranking firm submitting a responsive and responsible Proposal complying with the Contract Documents, provided the Proposal is reasonable and in the best interest of RTD to accept it. This Contract will only be awarded to one (1) proposer. Additionally, proposer understands the following:

- a) Proposer shall complete ALL Tables shown below.
- b) Proposer shall state the rates as a single dollar amount, rounded to two decimal places, and not a range of rates.
- c) Any attempts to include fields or rate structure other than those listed on RTD's Proposal Form(s) may render your Proposal non-responsive.
- d) All fields on the Proposal Forms must be completed or the Proposal may be considered non-responsive. In the event of a zero dollar cost item to RTD, insert \$0.00. Do not leave the field blank and do not mark any items as N/A.

**-TABLES BEGIN ON NEXT PAGE**





Procurement and Contract Services

## PRICE PROPOSAL FORM

YEAR 1 SECURITY GUARD SERVICES					
Quantity	Unit	Description	Estimated Hours	Billing Rate per hour	Total (Estimated hours times billing rate)
1	Each	Bus Guard	2080 (40 hours week/52 weeks per year)	\$ 22.38	\$46,550.40
1	Each	Main Office Building Guard	2080 (40 hours week/52 weeks per year)	\$ 22.38	\$46,550.40
1	Each	Stationary Guard	2080 (40 hours week/52 weeks per year)	\$ 22.38	\$46,550.40
1	Each	Mobile Guard	2080 (40 hours week/52 weeks per year)	\$ 30.00	\$62,400.00
1	Each	Armed Guard	2080 (40 hours week/52 weeks per year)	\$ 29.85	\$62,088.00
<b>TOTAL YEAR 1 SECURITY GUARD SERVICES*</b>					<b>\$264,139.20</b>

YEAR 2 SECURITY GUARD SERVICES					
Quantity	Unit	Description	Estimated Hours	Billing Rate per hour	Total (Estimated hours times billing rate)
1	Each	Bus Guard	2080 (40 hours week/52 weeks per year)	\$ 23.23	\$48,318.40
1	Each	Main Office Building Guard	2080 (40 hours week/52 weeks per year)	\$ 23.23	\$48,318.40
1	Each	Stationary Guard	2080 (40 hours week/52 weeks per year)	\$ 23.23	\$48,318.40
1	Each	Mobile Guard	2080 (40 hours week/52 weeks per year)	\$ 30.00	\$62,400.00
1	Each	Armed Guard	2080 (40 hours week/52 weeks per year)	\$ 30.74	\$63,939.20
<b>TOTAL YEAR 2 SECURITY GUARD SERVICES*</b>					<b>\$271,294.40</b>

YEAR 3 SECURITY GUARD SERVICES					
Quantity	Unit	Description	Estimated Hours	Billing Rate per hour	Total (Estimated hours times billing rate)
1	Each	Bus Guard	2080 (40 hours week/52 weeks per year)	\$ 23.92	\$49,753.60
1	Each	Main Office Building Guard	2080 (40 hours week/52 weeks per year)	\$ 23.92	\$49,753.60
1	Each	Stationary Guard	2080 (40 hours week/52 weeks per year)	\$ 23.92	\$49,753.60
1	Each	Mobile Guard	2080 (40 hours week/52 weeks per year)	\$ 30.60	\$63,648.00
1	Each	Armed Guard	2080 (40 hours week/52 weeks per year)	\$ 31.54	\$65,603.20
<b>TOTAL YEAR 3 SECURITY GUARD SERVICES*</b>					<b>\$278,512.00</b>

Solicitation No. 2017-R110153-S  
Security Guard Services

REQUIRED PROPOSAL FORMS

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Procurement and Contract Services

## PRICE PROPOSAL FORM

OPTION YEAR 1 SECURITY GUARD SERVICES					
Quantity	Unit	Description	Estimated Hours	Billing Rate per hour	Total (Estimated hours times billing rate)
1	Each	Bus Guard	2080 (40 hours week/52 weeks per year)	\$ 24.61	\$51,188.80
1	Each	Main Office Building Guard	2080 (40 hours week/52 weeks per year)	\$ 24.61	\$51,188.80
1	Each	Stationary Guard	2080 (40 hours week/52 weeks per year)	\$ 24.61	\$51,188.80
1	Each	Mobile Guard	2080 (40 hours week/52 weeks per year)	\$ 30.61	\$63,668.80
1	Each	Armed Guard	2080 (40 hours week/52 weeks per year)	\$ 31.94	\$66,435.20
<b>TOTAL OPTION YEAR 1 SECURITY GUARD SERVICES*</b>					<b>\$283,670.40</b>

OPTION YEAR 2 SECURITY GUARD SERVICES					
Quantity	Unit	Description	Estimated Hours	Billing Rate per hour	Total (Estimated hours times billing rate)
1	Each	Bus Guard	2080 (40 hours week/52 weeks per year)	\$ 25.21	\$52,436.80
1	Each	Main Office Building Guard	2080 (40 hours week/52 weeks per year)	\$ 25.21	\$52,436.80
1	Each	Stationary Guard	2080 (40 hours week/52 weeks per year)	\$ 25.21	\$52,436.80
1	Each	Mobile Guard	2080 (40 hours week/52 weeks per year)	\$ 30.61	\$63,668.80
1	Each	Armed Guard	2080 (40 hours week/52 weeks per year)	\$ 31.94	\$66,435.20
<b>TOTAL OPTION YEAR 2 SECURITY GUARD SERVICES*</b>					<b>\$287,414.40</b>

TOTAL YEAR 1 SECURITY GUARD SERVICES	\$264,139.20
TOTAL YEAR 2 SECURITY GUARD SERVICES	\$271,294.40
TOTAL YEAR 3 SECURITY GUARD SERVICES	\$278,512.00
TOTAL OPTION YEAR 1 SECURITY GUARD SERVICES	\$283,670.40
TOTAL OPTION YEAR 2 SECURITY GUARD SERVICES	\$287,414.40
<b>GRAND TOTAL YEARS 1 – 5 SECURITY GUARD SERVICES</b>	<b>\$1,385,030.40</b>

**\*Estimated hours are for Proposal purposes only. RTD does not guarantee a minimum nor maximum of the number of hours or guard positions and will reserve the right to adjust hours either up or down on an "as needed" basis.**

The Proposal will be awarded to the successful Proposer based on the evaluation of his Proposal and responsiveness and RTD determines it to be in the best interest. All spaces on the Proposal Forms must be completed or the Proposal may be considered non-responsive.

1. In submitting this Proposal, Proposer understands the right is reserved by RTD to reject any and all Proposals, to accept that Proposal, which best corresponds to RTD requirements in quality, fitness, and capacity, and to waive any informality in any Proposal received.

Solicitation No. 2017-R110153-S  
Security Guard Services

REQUIRED PROPOSAL FORMS

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Procurement and Contract Services

## PRICE PROPOSAL FORM

2. If written notice of the acceptance of this Proposal is mailed, telegraphed, telephoned, or delivered to the undersigned within one hundred twenty (120) days after the opening thereof, or any time thereafter before this Proposal is withdrawn, the undersigned agrees to execute and deliver a Contract in the prescribed form within fifteen (15) days after the form of Contract is presented for execution.
3. **ATTACHED HERETO ARE THE FOLLOWING:** The undersigned has attached to his Proposal all documents and information required by the RFP, including specifically those items listed on Part II, Required Proposal Documents.
4. The undersigned has carefully checked all of the above figures and understands that RTD will not be responsible for any errors or omissions on the part of the undersigned in making up this Proposal.
5. The undersigned acknowledges that any interlineations, alterations, or changes in this Proposal Form or in any of the terms and provisions of the RFP may cause RTD to reject this Proposal as being non-responsive.

WITH RESPECT TO THE REPRESENTATIONS SET FORTH IN THIS PROPOSAL, THE UNDERSIGNED DECLARES AND STATES UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

NAME OF FIRM: First Alarm Security & Patrol, Inc. dba First Security Services

SIGNATURE: 

PRINT NAME OF PERSON SIGNING: Teresa Larkin

TITLE OF PERSON SIGNING: Corporate Agent/Government Procurement

DATE: October 12, 2017

REQUIRED SAMPLES ATTACHED:  
(SECTION 5.22.7.5 - ROSTER) ☒ YES  
(SECTION 5.22.7.6 - ATTENDANCE LOG) ☒ YES

A1

If Proposer is (Initial One):

- \_\_\_\_\_ An individual using a firm name: Example, "John Doe, individually and doing business as Blank Co."
- \_\_\_\_\_ An individual doing business under his own name, sign his own name only.
- \_\_\_\_\_ A co-partnership, sign: Example, "John Doe and Richard Coc, Co-partners doing business as Blank Co."
- X \_\_\_\_\_ A corporation, sign: Example, "Blank Co. by John Doe, secretary (or other title) and affix seal of corporation if available.
- \_\_\_\_\_ Other: \_\_\_\_\_

Upon determination of the final ranking, RTD may commence Contract negotiations with the highest ranked firm or firms for the purpose of finalizing a recommendation of award. Contract negotiations will be limited to Proposer's Price Proposal and any changes to the scope of work related to the Price Proposal negotiations. RTD's form of Contract provided herein as Part IV will not be subject to negotiation. RTD will perform a cost analysis in order to determine the reasonableness of Proposer's Price Proposal. If negotiations with the highest ranked firm are unsuccessful, RTD will begin negotiations with the next highest ranked firm, etc. Such negotiations shall continue until they result in a recommendation for the award of the Contract.

## 5.22 SCOPE OF WORK:

- 5.22.1 Purpose and Objectives: The San Joaquin Regional Transit District (RTD) is soliciting Proposals from qualified firms to provide security guard services. Contractor shall provide services that are managed and carried out by personnel that are competent, reliable, professional, customer-oriented and transit-oriented. In general, the security guard(s) receive general supervision from RTD's Operations department, work cooperatively with all other security presence on RTD property, and circulate throughout the designated areas of services to maintain an orderly atmosphere conducive to RTD patrons and employees, and performs related duties as required and specified herein.

RTD's Contract with Contractor for security guard services will not be exclusive. Therefore, in RTD's sole discretion, any specific security guard service activity may be provided by Contractor or separately procured.

## 5.22.2 Entity Background

### 5.22.2.1 RTD General Background

The San Joaquin Regional Transit District is a political subdivision of the State of California and was organized in 1964 as the Stockton Metropolitan Transit District. In 1994, it was renamed the San Joaquin Regional Transit District to describe its expanded service area. RTD provides local, inter-city, and inter-regional public transportation to the residents of San Joaquin County, California. Commuter service to the San Francisco Bay Area is also provided by RTD. RTD is governed by a five (5) member board and is fiscally independent of the City of Stockton and San Joaquin County insofar as neither makes budget apportionments to RTD.

## 5.22.3 Contractor Minimum Qualifications/Specific Requirements

- 5.22.3.1 Contractor must be able to provide foot, mobile, armed, and unarmed security guards in accordance with the work schedule provided in Attachment 1 to this RFP.
- 5.22.3.2 RTD reserves the right to modify the coverage (hours and shift), type, and level of service provided as deemed necessary by RTD to meet the security needs of RTD. Contractor must be able to fulfill all requests for additional guards within four (4) hours from the time notified.
- 5.22.3.3 Contractor shall comply with RTD's Administrative Citation Process and Enforcement provided in Attachment 1 to this RFP.



- 5.22.3.4 Speculative Schedule of Coverage: The Price Proposal form of this RFP requests a standardized number of hours so that each Bidders is bidding according to the same number of hours per week (for comparison purposes only). Estimated hours per week are as follows:

(Two guards: 12 hours/day @ 7 days/week = 168/hours/week.

\*Estimated hours are for Proposal purposes only. RTD does not guarantee a minimum nor maximum of the number of hours or guard positions and will reserve the right to adjust hours either up or down on an "as needed" basis.

- 5.22.4 Contractor Compensation Requirements (Employee): In an effort to maintain quality personnel and minimize staff turnover assigned to RTD's Contract, RTD requires the Contractor comply with the following minimum compensation qualifications:

- 5.22.4.1 Bus, Main Office Building, Stationary, Mobile Guard: Contractor must pay each bus, main office building, stationary, and mobile guard assigned to RTD a minimum wage of **\$15.00** per hour for each hour worked, or the amount required under applicable federal and state laws, whichever is greater.

- 5.22.4.2 Armed Guard: Contractor must pay each armed guard assigned to RTD a minimum wage of **\$20.00** per hour for each hour worked, or the amount required under applicable federal and state laws, whichever is greater.

- 5.22.4.3 Medical Coverage: At a minimum, Contractor must provide health insurance coverage as defined in the Internal Revenue Code (26 USC Section 9832) for each employee, at no cost to the employee.

- 5.22.4.3.1 Proof of Coverage: At RTD's written request, Contractor must submit copies of its health insurance coverage contract and health insurance enrollment forms, to RTD within 15 days of the date of RTD's request.

- 5.22.4.3.2 Failure to Provide Coverage: Should RTD determine Contractor has not met the medical coverage requirement specified in this Section 5.224.3, RTD may enforce the medical coverage requirement by withholding, from the amounts owed to Contractor, a penalty equal to the sum of the monthly cost of coverage for one person multiplied by the number of Contractor's employees assigned to RTD's contract that RTD determines have not been provided health insurance coverage, multiplied by the number of months of omitted coverage. The monthly cost of coverage for one person must be based on either Contractor's actual costs, if Contractor provides RTD with a copy of its health insurance contract, or Kaiser's group plan rate for employers comparable in size and type of business as Contractor.

- 5.22.4.3.3 Opt Out: Contractor must also allow employees to "opt-out" of the health insurance coverage offered by Contractor. However, RTD will accept this option only under the following conditions:

- a. Contractor's employees may choose to "opt-out" of the health insurance coverage offered by Contractor if they can prove that they have alternative health insurance coverage equal to, at a minimum, health insurance coverage as defined in the Internal Revenue Code (26 USC Section 9832). The monthly "cash-in-lieu-of" payment to employees who "opt-out" of Contractor's health insurance coverage for one person must be based on one-half (50%) of Kaiser's lowest employee-only Group Plan rate, available to all employees, for Employers comparable in size and type of business as Contractor;
- b. Contractor must submit to RTD written confirmation of each employee's separately-obtained health insurance coverage, as specified in RTD's written request, within 15 days of receipt of the request; and

5.22.5 Contractor Compensation Requirements (RTD):

5.22.5.1 Hourly Rates: Contractor shall provide hourly rates for services as described in this RFP on RTD's Price Proposal Form. Payments to the Contractor will be in accordance with that stated in the resulting Contract.

5.22.5.2 Overtime: Contractor will be responsible for providing security guards in accordance with the work schedule provided in Attachment 1 to this RFP. Contractor understands shifts may include after hours or weekend work. Contractor agrees to complete the work at the Contract price and to forfeit its claim for additional compensation as it relates to afterhours or weekend work. Contractor shall be solely responsible for any difference between RTD's Contract price and the afterhours or weekend work amounts due per the California Labor Code, unless overtime is specifically approved in writing, in advanced, by an authorized RTD representative along with the approved overtime hourly rate.

5.22.6 Drug and Alcohol Testing: Contractor must establish and/or maintain lawful procedures for pre-employment drug and alcohol testing for all guards to be assigned to RTD. In addition, Contractor must establish and/or maintain lawful procedures for reasonable suspicion testing for all guards assigned to RTD. At a minimum, said testing must be able to detect the presence of marijuana metabolites, cocaine metabolites, phencyclidine (PCP), opiate metabolites, amphetamines and alcohol. Guards providing security and carrying a firearm are considered **Safety-Sensitive** and must follow the Department of Transportation drug and alcohol testing requirements. Refer to Section 5.21.

5.22.7 Required Documentation: Contractor is solely responsible for providing all training and certifications required to keep all security guards assigned to RTD proficient with the terms of the Contract, and to maintain their state guard certification throughout the entire Contract term.

5.22.7.1 Certificates: All security guards proposed for assignment to RTD must have a valid permanent guard certificate issued by the California State Department of Consumer Affairs.

5.22.7.2 Training: All guards must have completed Penal Code 832 training within six months of being assigned to RTD.

5.22.7.3 Permits: Armed guard(s) proposed for assignment to RTD must have a current Firearm permit issued by the California State Department of Consumer Affairs.

5.22.7.4 License: Contractor must be licensed to provide private patrol security services in California under California Business and Professions Code Section 7582.1(a). Contractor shall submit a copy of said license with its Proposal.

Additionally, the successful Proposer must be registered with the California Bureau of Security and Investigative Services, with no actions pending. Contractor must maintain active and good standing status of all licenses and permits throughout the term of the Contract.

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5.22.7.5 Roster: Contractor must create and maintain an updated roster of all guards assigned to RTD. Contractor shall submit a sample roster with its Proposal. Contractor must notify RTD when a guard is removed or added to contract. Contractor must send an updated roster to RTD within 2 business days of any changes to the roster.

5.22.7.6 Attendance Log: A daily attendance log, created and maintained by the Contractor, of all security guards assigned to RTD must be forwarded to RTD along with a weekly summation of all hours worked. Contractor shall submit a sample attendance log with its Proposal.

5.22.7.7 Documentation: Contractor must provide RTD with a list of each guard assigned to RTD with a copy of their certification and training records at time of Orientation Training. Additionally, Contractor will make all documentation under Section 5.22.7 available to RTD, upon RTD's request, throughout the Contract term. On an annual basis, Contractor must certify to RTD the following:

5.22.7.7.1 That it has verified the current status of each employee's security guard license;

5.22.7.7.2 That any employee whose license has been revoked is no longer assigned to perform services under the Contract with RTD; and,

5.22.7.7.3 That it has performed criminal background checks on all new employees as required under Section 5.22.8 of this RFP.

5.22.7.7.4 Contractor must submit the annual certification no later than 10 days after the anniversary date of the Effective Date of the Contract.

5.22.8 Criminal Background & Investigation: To the extent permitted under California Penal Code Section 11105.4, Contractor must perform a criminal background search, by a fingerprint search by Live Scan of the California State Department of Justice, on each employee hired by Contractor after the Effective Date of the Contract who will be assigned to provide security guard or supervisor services to RTD. Contractor must provide satisfactory evidence to RTD that each individual assigned to RTD was subjected to a criminal background check to the extent permitted under the applicable provisions of state law.

- 5.22.9 Materials and Equipment: Contractor must provide guards with all materials and equipment necessary to perform the job. At a minimum, this must include:
- 5.22.9.1 Uniform: Each security guard must wear a uniform that is approved by RTD while on duty. The uniform must be provided by Contractor and display patches identifying the guard as an employee of Contractor. Contractor must supply a sufficient number of uniforms to each guard such that they present a neat, clean, and professional (i.e. tucked in) appearance while on duty, including foul-weather gear. Security guards must not "accessorize" their uniforms or wear non-uniform apparel while on duty unless approved by RTD Supervisors in advance of their shift.
- Stockton Municipal Code 5.40.130 Unlawful to wear police uniform (or facsimile): It is unlawful for any person to wear, or cause or permit to be worn any uniform that is similar to the uniform used by the Stockton Police or Fire Departments, and no uniform shall be worn unless the same shall have been first approved by the Chief of Police. (Prior code § 5-077)
- 5.22.9.2 Cell Phones (Provided by RTD): Cell phones (Carrier: Sprint Type: Kyocera DuraXT E4277, Flip Phone) will be provided by RTD on loan to the Contractor. Type/carrier may change at RTD's discretion during the course of the Contract. Contractor is responsible for assigning cell phones to guards under RTD's Contract. Contractor must assign each on-duty guard a cell phone and ensure they are fully charged at the start of a shift. The radio must be used to allow RTD personnel / contractors to contact a guard while they are on duty.
- 5.22.9.3 Phone Accessories: RTD will provide the Contractor with the required compatible charger. Any accessories beyond the standard phone charger will be borne by the Contractor. Said accessories include but are not limited to, cell phone holder, earpieces, headphones, etc.
- 5.22.9.4 Flashlight.
- 5.22.9.5 Pepper Spray (Only if guard is certified to carry a pepper spray).
- 5.22.9.6 High Visibility Vest or Uniform (CPUC Approved).
- 5.22.9.7 Firearm (Only if guard is certified to carry a firearm and authorized by RTD)
- 5.22.9.8 Car/Vehicle – (Mobile Guards Only). RTD does not have a specific number of vehicles required for the Contract term, however the Contractor is required to have available and provide a vehicle as needed when required by the Contract. Our best estimate at this time is for the Contractor to have 1 or 2 vehicles available, estimated at 70 miles per day, but this is subject to change as needed. Vehicles used in the Contract must be safe, clearly marked, and functioning per local and state laws. Contractor will be responsible for mileage and fuel costs.
- 5.22.9.9 Lost/Damaged Items: Contractor must reimburse RTD for any equipment supplied to Contractor from RTD that is lost or damaged through the negligence of one of Contractor's employees. Contractor must pay either RTD's deductible if the equipment is covered under RTD property

insurance policy or, if the item is not insured, the actual cost to replace the item, without any depreciation, at the same quality and by the same manufacturer.

- 5.22.10 **Account Representative:** Contractor must provide RTD with an account representative with the full authority to address all problems raised by RTD, including, but not limited to, increases in staffing, decreases in staffing and disciplinary problems. Contractor is not required to maintain an office within the Stockton Metropolitan Area during the term of the Contract. Contractor must provide RTD with a 24-hour telephone number and email address, allowing RTD to contact Contractor with no more than a 30-minute delay.
- 5.22.11 **Language:** All guards must be able to effectively and fluently speak, read, write and understand the English language.
- 5.22.12 **Age:** All Guards and Supervisors **must be at least 21** years of age at the time they are assigned to provide services to RTD under this Contract.
- 5.22.13 **Physical/Mental Requirements:** Guards must be physically and mentally fit. "Fit" shall be defined as having the physical and mental capacity to able to effectively and efficiently meet the demands of performing the specified services in the designated work areas.
- 5.22.14 **Guard Approval Process:** RTD Supervisors must approve each guard proposed by Contractor for assignment to RTD. The approval process shall be:
- 5.22.14.1 Contractor must select security guards who meet all the requirements of the RFP, including a Department of Justice criminal history check, if permitted under Penal Code Section 11105.4.
- 5.22.14.2 Contractor must submit to RTD evidence of the necessary certificates for training and experience for each guard proposed to be assigned to RTD.
- 5.22.14.3 At RTD's discretion, Contractor must arrange a time when RTD's personnel will interview the guards and supervisors proposed for assignment to RTD.
- 5.22.14.4 RTD must approve or disapprove each guard proposed by Contractor. Disapproval of a guard proposed for assignment to RTD will not constitute sufficient justification for not meeting RTD's minimum security guard coverage requirements.
- 5.22.15 **Orientation Training:**
- 5.22.15.1 **Required Attendance:** RTD personnel will provide orientation training under this Contract. All of the guards and field supervisors, including new/\*replacement guards that will be assigned to RTD must attend orientation training prior to commencement of security guard services and assignment to RTD. During orientation training, Contractor's assigned supervisor must check in with RTD's designated staff at a pre-arranged time on a daily basis. Orientation training will cover RTD's service, general operations, security/police procedures, and include a tour of RTD's system. Contractor's employees should anticipate being in training up to 20 hours.

\*It is RTD's goal to prevent constant turnover and retraining of security officers. Contractor shall take all good faith efforts to assist RTD with said goal.

5.22.15.2 Training Schedule (TBD): The exact start/end time, date and location of said training is yet to be determined. The training will be held at an RTD Facility.

5.22.15.3 Training Compensation: RTD will pay for all RTD staff time during the orientation training. However, Contractor must pay for the guards' and field supervisors' salary and wages during the orientation training. Contractor may invoice RTD at the hourly rate noted in the Price Proposal Form for orientation training hours actually incurred.

5.22.15.4 Exceptions: If Contractor's guards and/or supervisors have been previously trained by RTD, RTD may, in its sole determination, waive the orientation requirement for some or all of such guards and supervisors; however, in preparing its proposal, Contractor must assume that all of its guards and supervisors are required to attend RTD orientation training and RTD will not consider any such waiver for purpose of scoring and ranking proposals.

5.22.16 Guard Coverage and Attendance:

5.22.16.1 Contractor may not make any changes of personnel assigned to RTD without prior approval from RTD. At RTD's direction, Contractor may be required to rotate guards on certain shifts to maintain optimum performance.

5.22.16.2 Contractor must comply with all RTD requests for replacement of guard(s) within 24 hours. RTD will not be obligated to state any reason for replacement requests. Contractor must assign as replacement guards its employees that have previously successfully completed RTD's orientation training.

5.22.16.3 Absent guards that are not replaced by Contractor within 1 hour must be replaced by the field supervisor until that guard shift can be filled. It is not acceptable for the field supervisor to regularly and routinely fill staff guard assignments more than once a month.

5.22.16.4 Should Contractor fail to provide guards as required, RTD reserves the right to assign replacement personnel and charge Contractor \$50 per hour as Liquidated Damages for each replacement person assigned.

5.22.16.5 Guards must check on and off shift by reporting to duty in the manner set out in Attachment 1.

5.23 DELIVERABLES:

- a) In carrying out its Services, Contractor must prepare or provide to RTD various Deliverables. "Deliverables" include, but are not limited to, work product, such as written reviews, recommendations, reports, and analyses, produced by Contractor for RTD.

- b) Contractor must provide RTD with all Deliverables required and outlined within this RFP. RTD reserves the right to request additional Deliverables it deems necessary to accomplish to objective of the services stated herein.
- c) RTD may reject Deliverables that do not include relevant information or data, or do not include all documents or other materials specified in this RFP or reasonably necessary for the purpose of which RTD made the RFP or for which RTD intends to use the Deliverables.
- d) Additional Costs: Contractor must bear the risk and all costs and expenses associated with any work that must be corrected or redone as a result of Contractor failing to deliver an acceptable deliverable.

#### 5.24 DRUG-FREE WORKPLACE (ARMED SECURITY)

##### 5.24.1 Compliance with FTA Drug and Alcohol Testing Requirements.

With respect to any safety sensitive work performed under this Contract, Contractor must establish and implement a drug and alcohol testing program that complies with 49 CFR Part 655, produce any documentation necessary to establish its compliance with Part 655, and permit any authorized representative of the United States Department of Transportation or its operating administrations, the state Oversight Agency of California, or RTD to inspect the facilities and records associated with the implementation of the drug and alcohol testing program as required under 49 CFR Part 655 and review the testing process. Contractor further agrees to certify annually its compliance with Part 655 and to submit the Management Information System (MIS) reports on or before February 15 to RTD's Human Resource Department, P.O. Box 201010, Stockton, CA 95201. To certify compliance, Contractor must use the "Substance Abuse Certifications" in the "Annual List of Certifications and Assurances for Federal Transit Administration Grants and Cooperative Agreements," which is published annually in the Federal Register.

For the purposes of this contract, **safety-sensitive employees** are defined as follows:

Those Contractor and Subcontractor employees who will be authorized to perform the following safety sensitive functions:

- 1) Control dispatch or movement of a revenue service vehicle or equipment used in revenue service; or
- 2) Maintain revenue service vehicles or equipment used in revenue service; or
- 3) Provide security and carry a firearm on transit vehicles, transfer points, and transit facilities open to the public. This does not include transit administration buildings and garage security.

Each bidder is required to certify that it has or will implement a drug and alcohol testing program in compliance with these regulations for all employees who may perform safety sensitive functions.

Evidence of such program will be required to be submitted for approval at least thirty (30) calendar days prior to commencement of any safety sensitive work.

##### 5.24.2 Alcohol and Drug Free Workplace

To the extent the work required under this Contract is performed on property owned or controlled by RTD, Contractor must also be responsible for complying with the Drug-Free Workplace Act of 1988 (PL100-690, Title V, Subtitle D).

As used in this Section:

**"Controlled substance"** means a controlled substance in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. 812) and as further defined in regulation at 21 CFR 1308.11-1308.15;

**"Conviction"** means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

**"Criminal drug statute"** means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession or use of any controlled substance;

**"Drug-free workplace"** means the site(s) for the performance of work done by Contractor in connection with a specific contract at which employees of Contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance;

**"Employee"** means an employee of Contractor directly engaged in the performance of work under an SRTD contract. "Directly engaged" is defined to include all direct cost employees and any other Contractor employee who has other than a minimal impact of involvement in contract performance.

**"Individual"** means an offeror/contractor that has no more than one employee including the offeror/contractor.

Contractor must within thirty (30) calendar days after Contract award:

- 5.24.2.1 Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
- 5.24.2.2 Establish an ongoing drug-free awareness program to inform such employees about -
  - i. The dangers of drug abuse in the workplace;
  - ii. The Contractor's policy of maintaining a drug-free workplace;
  - iii. Any available drug counseling, rehabilitation, and employee assistance programs; and
  - iv. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- 5.24.2.3 Provide all employees engaged in performance of the contract with a copy of the statement required by subparagraph 1 above;
- 5.24.2.4 Notify such employees in writing in the statement required by subparagraph 1 above as a condition of continued employment on this contract, the employee will;



- i. Abide by the terms of the statement; and
  - ii. Notify the employer in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than five (5) calendar days after such conviction.
- 5.24.2.5 Notify the Contracting Officer in writing within ten (10) calendar days after receiving notice under subparagraph 4 from an employee or otherwise receiving actual notice of such conviction. The notice must include the position title of the employee;
- 5.24.2.6 Within thirty (30) calendar days after receiving notice under subparagraph 4 of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:
  - i. Taking appropriate personnel action against such employee, up to and including termination; or
  - ii. Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.
  - iii. Make a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 through 6.
- 5.24.2.7 Contractor agrees by award of the Contract not to engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in the performance of this Contract.

In addition to other remedies available to RTD, Contractor's failure to comply with the foregoing requirements may, pursuant to FAR 23.506, render Contractor subject to suspension of Contract payments, termination of the Contract for default, and suspension or debarment

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## **PART VI**

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### **ATTACHMENT**

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The following document is attached to this section of the RFP:

- Attachment 1: Work Schedule

**RFP for Security Guard Services**  
**Attachment 1 – Work Schedule**

All guards must maintain a high level of visibility at all times to act as a deterrent to crime and increase the patron's feeling of safety and security. All guards must establish a protective and authoritative presence and must present a professional and concerned image to RTD's patrons. In addition to security concerns, guards must perform the following duties:

- Guards must serve as liaison between RTD and the public, i.e., greeting and answering simple questions regarding RTD's fare/scheduling information.
- Guards who witness suspicious or unusual incidents while on duty relating to safety concerns, personal property, etc., must report the incidents to Contractor's supervisor (or designee) and/or RTD and record the incident in their daily log.
- Guards who observe crimes or criminal activity in progress while on duty must immediately report the activity to Contractor's supervisor (or designee), local law enforcement and/or RTD and take reasonable steps to maintain order.
- Guards will be required to provide a report of the activities encountered while providing Security Guard services. The frequency and content of the report will be determined by RTD.

Standards of Performance: Guards shall not do any of the following while on duty:

- a. Read books, magazines, or newspapers.
- b. Wear headphones.
- c. Conduct personal communications (e.g., telephone calls, text messages, etc.) other than RTD business or personal emergencies.
- d. Possess or drink alcohol, or possess or use illegal substances on the job. If a security guard is determined to be under the influence of alcohol or illegal drugs while on duty, he/she will be promptly dismissed and must not be allowed to return to his/her position with RTD.
- e. Give interviews or make public statements about RTD's activities.
- f. Violate RTD ordinances or rules or laws or allow others to do so.
- g. Have personal visitors and may not converse privately with acquaintances while on duty.
- h. Get personally involved with any of RTD's staff member(s) on the job, or engage in long or private conversations that disrupt work.
- i. Sit on desks, cabinets, tables or rest their feet on desk tops or open desk drawers, etc.

Work Schedule Continued:

- While on duty, Guards must refrain from sitting down or laying down while on RTD property, unless on break and out of public view.
- Breaks should be taken out of public view when possible. Guards must notify Contractor's supervisor (or designee) and RTD when going on break. Breaks must be logged in the daily log.
- Guards assigned to RTD may be required to perform as mobile, stationary, or bus guards.

**Mobile Guards:** Contractor must assign mobile (vehicle) guards to patrol stops, and other RTD facilities. Mobile guards assigned to RTD are required to have a valid California Driver's License. At the direction of RTD Supervisors, the mobile guard may be dispatched to different locations. Mobile guards must ensure that stops and facilities are free from hazards such as broken glass, damaged shelters, etc. Mobile guards must have at their disposal equipment necessary to clean up broken glass. Any damage or hazards must be promptly reported to RTD. These guards may be assigned to work any hours and days including nights and weekends. Contractor must supply a clearly marked security vehicle for each guard for assignment. The vehicle must be clean and in good and safe working condition. Contractor is responsible for all service repairs and maintenance of the vehicle. Contractor must have sufficient spare vehicles to replace any vehicle that is taken out of service or breaks down while in service. Guards must not use their personal vehicles to perform the patrol requirements of this contract. Mobile guards must report to duty at RTD's Administrative Facility or other location, as determined by RTD. Mobile guards will initially be assigned to shifts to be determined and are subject to change at any time.

**TOTAL ANNUAL HOURS: TBD**

**Stationary Guards:** Guards may be assigned to bus stops and other RTD facilities. These guards must additionally ensure that the stops and facilities are free from hazards such as broken glass, damaged fencing, etc. Parking lot guards must have at their disposal equipment necessary to clean up broken glass. Any damage or hazards must be promptly reported to RTD. Stationary Guards are assigned shifts to be determined. It is anticipated that the shift (s) will be Monday through Friday, excluding national holidays, but is subject to change at any time. Days and hours may vary depending on the needs of RTD.

**TOTAL ANNUAL HOURS: TBD**

**Armed Guard:** Contractor must provide the services of armed guards at shifts to be determined. Armed guard must have a current firearm permit issued by the California State Department of Consumer Affairs. The shift is to be determined and is anticipated to be Monday through Friday, excluding RTD holidays, but is subject to change at any time.

**TOTAL ANNUAL HOURS: TBD**

**Main Office Building Guard:** Main office building guard is primarily assigned to RTD Main Office located at 421 East Weber Avenue to patrol RTD buildings and lots. However, the main office building guard may be moved to other locations during the shift. This shift is to be determined and anticipated to be Monday through Friday, excluding RTD holidays, but is subject to change at any time. Main office building guard must also escort RTD staff to their vehicles if requested to do so.

**TOTAL ANNUAL HOURS: TBD**

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**Bus Guards:** A guard will be assigned to a bus for the primary purpose of discouraging unruly, disruptive behavior and vandalism on buses by engaging violators, reporting problems, and assisting RTD employees. The bus guards' shift is to be determined and anticipated to be two guards Monday to Friday during RTD service hours, 0500-2300, but is subject to change at any time.

**TOTAL ANNUAL HOURS: TBD**

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**ADDITIONAL GUARD SERVICES:** RTD may elect to request additional security guard services as the need arises. Contractor must pay each guard assigned to additional guard services the rate designated on the Price Proposal forms for the applicable classification per hour for each hour worked, or the amount required under applicable federal and state laws, whichever is greater. The exact start/end times and hours are to be determined.

Typical additional security guard services include, but are not limited to:

- Special Events or Grand Openings
- Emergency Situations
- Additional Vehicles
- Additional Shift Supervisor as necessary

**TOTAL ANNUAL HOURS: TBD**

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### **San Joaquin RTD's Administrative Citation Process and Enforcement**

A notice of violation (NOV) may be issued by a peace officer, fare inspector, security officer, or any RTD representative designated by RTD's CEO, or his/her designated representative, to enforce the Ordinance.

RTD may designate certain employees, including security staff, to enforce the provisions of the Ordinance upon satisfaction of specified training requirements. (See Penal Code Section 830.14(f)-(h)). Designated employees or security staff shall complete a specialized fare compliance course provide by RTD. This training course shall include, but not be limited to, the following topics:

1. An overview of barrier-free fare inspection concepts.
2. The scope and limitations of inspector authority.
3. Familiarization with the elements of the infractions enumerated in the subdivisions (a) to (d), inclusive, of Section 640, and, as applicable, the crimes enumerated in Section 640.5, and 99170 of the Public Utilities Code.

4. Techniques for conducting fare checks, including, inspection procedures, demeanor, and contacting violators.
5. Citation issuance and court appearances.
6. Fare media recognition.
7. Handling argumentative violators and diffusing conflict.
8. The mechanics of law enforcement support and interacting with law enforcement for effective incident resolution.

RTD will provide the training course called for at Penal Code section 830.14(g). The training course shall be conducted at RTD by existing Police Officers contracted with RTD. Upon completion of the training program, a Certificate of Completion shall be issued to employees who successfully complete the course. Records of training and completion of course shall be maintained by RTD.

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**LEAD STAFF: DAMARIS GALVAN, SERVICE DEVELOPMENT MANAGER**

**I. RECOMMENDED ACTION:**

Consideration by the Board of Directors to approve revisions to San Joaquin Regional Transit District (RTD)'s Major Service Change (MSC), Disparate Impact (DI), and Disproportionate Burden (DB) Policies.

**II. SUMMARY:**

- RTD's previous MSC Policy dated June 19, 2020, was revised to be consistent with Federal Transit Administration (FTA) Title VI guidance.
- Staff has prepared the DI and DB Policies to comply with FTA Title VI guidance.
- Public outreach was performed to gather public input on these policies during the months of November 2022 and December 2022.
- Staff recommends approving these policies as outlined in Attachment A.

**III. DISCUSSION/BACKGROUND**

As per FTA's Circular 4702.1B, transit agencies with 50 or more fixed route vehicles in peak service in large, urbanized areas (over 200,000 in population) shall develop written MSC, DI and DB policies. These policies guide the evaluation of service changes that exceed the transit provider's major service change threshold, as well as all fare changes, prior to approval. This evaluation, also referred to as an Equity Analysis, is designed to determine whether service or fare changes will have a discriminatory impact based on race, color, or national origin.

RTD's current MSC Policy requires revisions to be consistent with FTA guidance. Staff also has developed new DI and DB policies to meet the requirements of FTA Circular 4702.1B.

The updated MSC policy reflects the following changes:

- Current RTD policy describes "major service changes" as only service reductions, while FTA regulations require the MSC Policy to cover service increases and reductions. This is addressed in the revised policy.
- The MSC Policy defines major service changes as those increasing or decreasing a route's service span or mileage by 25% or more, including establishing or eliminating an entire route.
- RTD's current MSC Policy states that emergency service changes are exempt from an equity analysis and a public hearing unless they last more than 180 days. The revised policy changes the timeframe to 12 months for introduction or discontinuation of limited-term service (e.g., promotional, demonstration, seasonal or emergency service, or service provided as mitigation or diversions for construction or other similar activities). This change aligns with FTA requirements.

The new DI Policy will be used for analyzing the effect of fare or major service changes on minority populations, which the DB Policy will be used to analyze the effect of such changes on low-income populations. In both cases, thresholds are set at 10% for changes to a single route and 15% for changes to more than one route.

FTA does not particularly specify thresholds for these policies; however, the FTA recommendation is to establish thresholds that are reasonable. Though low-income status is not a protected class under Title VI of the Civil Rights Act of 1964, the FTA still requires transit providers to evaluate if proposed service and fare changes may adversely affect low-income populations.

### **Outreach and Public Input**

RTD Service Development and Marketing Staff performed public outreach from Monday, November 21 through Friday, December 9, 2022 to gather public input regarding the MSC, DI, and DB Policies.

Current policies and drafts of proposed MSC, DI and DB policies were made available on RTD's website in both English and Spanish, flyers promoting and soliciting public input were posted on the website and social media, and email blasts were sent to community stakeholders. There was one comment received which was not directly relevant to these policies and instead expressed an interest in specific service changes.



**IV. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This recommendation aligns with the Board's Strategic Priorities 2, 3, 4, and 5.  
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**V. FINANCIAL CONSIDERATIONS/IMPACT**

This action will not have an impact on the budget.

**VI. CHANGES FROM COMMITTEE**

N/A

**VII. ALTERNATIVES CONSIDERED**

The alternative of not approving these policies is not recommended as it will not align with FTA guidance on Title VI.

**VIII. ATTACHMENTS**

**Attachment A:** Title VI Policies: Major Service Change, Disparate Impact, and Disproportionate Burden (English Version)

**Attachment B:** Title VI Policies: Major Service Change, Disparate Impact, and Disproportionate Burden (Spanish Version)

**Attachment C:** We-Need-Your-Input Flyer

**Attachment D:** Resolution

Prepared by: Dámaris Galvan, Service Development Manager

**IX. APPROVALS**

Executive Manager Approved:  
Ciro Aguirre, COO

Financial Impact Approved:  
Robert Kyle, CFO

Alex Clifford, CEO

Three handwritten signatures are present on the right side of the page. The top signature is in red ink, the middle one is in black ink, and the bottom one is in blue ink. Each signature is written over a horizontal line.



Attachment A  
Cover Page



**TITLE VI POLICIES  
MAJOR SERVICE CHANGE  
DISPARATE IMPACT  
DISPROPORTIONATE BURDEN**

**DRAFT**

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**TITLE VI POLICIES  
SAN JOAQUIN REGIONAL TRANSIT DISTRICT**

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**I. Background**

Title VI (codified at 42 U.S.C. § 2000 et seq.) was enacted as part of the landmark Civil Rights Act of 1964. It prohibits discrimination on the basis of race, color, and national origin in programs and activities.

In order to comply with the Federal Transit Administration's (FTA) Title VI Circular 4702.1B requirements, the San Joaquin Regional Transit District (RTD) is required to create and adopt Major Service Change, Disparate Impact, and Disproportionate Burden Policies. These policies are used during the planning process to evaluate the impact of major service and fare changes on minority and low income passengers. In the development of these policies, RTD was also required to seek input from the community, including low-income, minority, and limited English proficient populations, which are traditionally under-represented in the transit decision-making process.

**II. Major Service Change Policy**

FTA Circular 4702.1B requires transportation agencies to develop policies to assist in the evaluation of impacts to minority and low-income riders when considering service changes.

All changes in service meeting the definition of Major Service Change are subject to a Title VI Equity Analysis prior to Board approval of the service change. A Title VI Equity Analysis will be completed for all major service changes and will be presented to the Board for its consideration and included in the subsequent RTD Title VI Program with a record of action taken by the Board.

A **Major Service Change** is defined as:

- A. For routes with more than 10 roundtrips daily on the affected service day(s): A change to 25% or more of a line's route miles on the affected service day(s). This includes service increases, decreases, and routing changes where route miles are neither increased nor reduced (i.e., re-routes);
- B. For routes with more than 10 roundtrips daily on the affected service day(s): An increase or decrease of 25% or more to a line's span (hours) of service on a daily basis for the day of the week for which a change is made;
- C. For routes with 10 or fewer roundtrips daily on the affected service day(s): Elimination of service on any given day;
- D. A new transit line is established.

The following types of modifications are exempt from the definition of Major Service Change:

- The introduction or discontinuation of short- or limited-term service (e.g., promotional, demonstration, seasonal or emergency service, or service provided as mitigation or diversions for construction or other similar activities), as long as the service will be/has been operated for no more than twelve months.
- Changes to RTD-operated transit services that are replaced by a different trip, mode or operator providing a service with the same or better headways, fare, transfer options, span of service, and stops served.

Service changes not meeting the thresholds of a Major Service Change are also analyzed and alternatives considered are documented; however, a Service Equity Analysis is not performed.

### **III. Equity Analysis**

FTA Circular 4702.1B requires transportation agencies to develop policies to assist in the evaluation of impacts to minority and low-income riders when considering service and fare changes (including fare increases, fare decreases, and introduction or elimination of fare media or types).

When evaluating service and fare changes for Disparate Impact, RTD analyzes the effects on minority riders or populations as compared to non-minority riders or populations.<sup>1</sup> When evaluating service and fare changes for Disproportionate Burden, RTD analyzes the potential effects on low-income riders or populations.

#### **A. Disparate Impact Policy**

In the course of performing a Title VI Equity Analysis for possible Disparate Impact, RTD will analyze how the proposed Major Service Change or fare change action could impact minority populations, as compared to non-minority populations. "Minority" is defined as all persons who identify as being part of racial/ethnic groups besides white, non-Hispanic.

In the event the proposed action has an adverse impact that affects protected populations more than other populations at a level that exceeds the benchmarks established in the adopted Disparate Impact Policy, or that restricts the benefits of the service change to protected populations, the finding would be considered as a potential Disparate Impact. Given a potential Disparate Impact, RTD will evaluate whether there is an alternative that would serve the same objectives and with a more equitable impact. Otherwise, RTD will take measures to minimize or mitigate the adverse impact of the proposed action.

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<sup>1</sup> Staff may decide whether to use ridership or census data based on data availability and reliability.

The Disparate Impact Policy defines measures for determination of potential Disparate Impact on minority populations resulting from major service changes or any change in fares. The policy is applied to both adverse effects and benefits of Major Service Change. Adverse effects of service changes are defined as:

- A. A decrease in the level of transit service (span in days and/or hours, and/or frequency); and/or
- B. A decrease in the number of service miles.

The determination of Disparate Impact associated with service changes is defined separately for impacts of changes on an individual line, and for system-level impacts of changes on more than one line, as well as for both service reductions and service improvements.

- A. In the event of potential adverse effects resulting from service reductions:
  - i. A Major Service Change to a single line will be considered to have a potential Disparate Impact if the percentage of impacted minority population in the service area of the line exceeds the percentage of minority population of RTD as a whole by at least 10 percentage points (e.g., 20 percent compared to 30 percent).
  - ii. To determine the system-wide impacts of Major Service Change reductions on more than one line that result in decreased levels of service on all impacted routes, the percentage of the RTD's minority population that is impacted is compared to the percentage of the RTD's non-minority population that is impacted. If the percentage of the minority population impacted is at least 15 percent greater than the percentage of the non-minority population impacted (e.g., 25 percent compared to 10 percent), the overall impact of changes will be considered disparate.
- B. In the event of service improvements:
  - i. A Major Service Change to a single line will be considered to have a potential Disparate Impact if the percentage of impacted minority population in the service area of the line is less than the percentage of minority population of RTD as a whole by at least 10 percentage points (e.g., 20 percent compared to 30 percent).
  - ii. To determine the system-wide impacts of Major Service Change improvements on one or more routes, the percentage of the RTD's minority population that is impacted is compared to the percentage of the RTD district's non-minority population that is impacted. If the percentage of the minority population impacted is at least 15 percent less than the percentage of the non-minority population impacted (e.g., 8 percent compared to 23 percent), the overall impact of changes will be considered disparate.

- C. Additional considerations to complement the quantitative Disparate Impact analysis above may include evaluating impacts to accessing employment, education, food, or healthcare for minority populations.

Upon determination of Disparate Impact, RTD will either:

1. Alter the service proposal to avoid, minimize, or mitigate potential Disparate Impacts; or
2. Provide a substantial legitimate justification for keeping the proposal as-is, and show that there are no alternatives that would have a less Disparate Impact on minority riders but would still accomplish the project or program goals.

**B. Disproportionate Burden Policy**

In the course of performing a Title VI Equity Analysis for possible Disproportionate Burden, RTD will evaluate the potential effects on low-income riders or populations. Low-income is defined as at or below the U.S. Department of Health and Human Services poverty guidelines.

The analysis for determining potential Disproportionate Burden is identical to the analysis used to determine potential Disparate Impact but compares low-income and higher income populations rather than minority and non-minority populations.

**IV. Public Notification Process**

Public outreach regarding major service changes will be handled in accordance with the RTD Public Participation Plan.





Attachment B  
Cover Page



**POLÍTICAS DEL TÍTULO VI  
CAMBIO MAYOR EN EL SERVICIO  
IMPACTO DESIGUAL  
CARGA DESPROPORCIONADA**

**DRAFT**

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## POLÍTICAS DEL TÍTULO VI

### DISTRITO REGIONAL DE TRÁNSITO DE SAN JOAQUIN

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#### **I. Antecedentes**

El Título VI (codificado en 42 U.S.C. § 2000 et seq.) fue promulgado como parte de la histórica Ley de Derechos Civiles de 1964. Prohíbe la discriminación por motivos de raza, color y origen nacional en programas y actividades.

Para cumplir con los requisitos de la Circular 4702.1B del Título VI de la Administración Federal de Tránsito (FTA, por sus siglas en inglés), el Distrito Regional de Tránsito (RTD, por sus siglas en inglés) de San Joaquín debe crear y adoptar políticas de cambios mayores en el servicio, impacto desigual y carga desproporcionada. Estas políticas se utilizan durante el proceso de planificación para evaluar el impacto de los principales cambios en el servicio y las tarifas en los pasajeros de minorías y de bajos ingresos.

En el desarrollo de estas políticas, es el deber de RTD buscar los aportes de la comunidad, incluyendo a las poblaciones de bajos ingresos, minorías y con dominio limitado del inglés, que tradicionalmente están subrepresentadas en el proceso de toma de decisiones de tránsito.

#### **II. Política de Cambio Mayor en el Servicio**

La Circular FTA 4702.1B requiere que las agencias de transporte desarrollen políticas para apoyar la evaluación de los impactos en pasajeros que pertenecen a minorías y pasajeros de bajos ingresos al considerar cambios en el servicio.

Todos los cambios en el servicio que cumplan con la definición de Cambio Mayor en el Servicio están sujetos a un Análisis de Equidad del Título VI antes de la aprobación del cambio en el servicio por parte de la Junta Directiva. Se completará un Análisis de Equidad del Título VI para todos los Cambios Mayores en el Servicio y se presentará a la Junta Directiva para su consideración y se incluirá en el Programa del Título VI de RTD subsiguiente, con un registro de las medidas tomadas por la Junta Directiva.

Un **Cambio Mayor en el Servicio** se define como:

- A. Para rutas con más de 10 viajes diarios de ida y vuelta en el(los) día(s) de servicio afectado(s): Un cambio al 25% o más de las millas en ruta de una línea en el(los) día(s) de servicio afectado(s). Esto incluye aumentos, disminuciones y cambios de ruta del servicio donde las millas de la ruta no aumentan ni se reducen (es decir, cambios de ruta);
- B. Para rutas con más de 10 viajes diarios de ida y vuelta en el(los) día(s) de servicio afectado(s): Un aumento o disminución del 25% o más en la duración diaria (horas) del servicio de una línea para el día de la semana para el cual se hace el cambio;

- C. Para rutas con 10 o menos viajes diarios de ida y vuelta en el(los) día(s) de servicio afectado(s): Eliminación del servicio en cualquier día dado;
- D. Se establece una nueva línea de tránsito.

Los siguientes tipos de modificaciones están exentos de la definición de Cambio Mayor en el Servicio:

- La introducción o interrupción de un servicio a corto plazo o de duración limitada (i.e., servicio promocional, de demostración, estacional o de emergencia, o servicio proporcionado como mitigación o desvío debido a construcción u otras actividades similares), siempre que el servicio sea o haya sido operado por no más de doce meses.
- Cambios en los servicios de tránsito operados por RTD que son reemplazados por un viaje, modo u operador diferente que brinda un servicio con los mismos o mejores avances, tarifas, opciones de transferencia, amplitud de servicio y paradas servidas.

Los cambios de servicio que no alcanzan los umbrales de un Cambio Mayor del Servicio también se analizan, y se documentan las alternativas consideradas; sin embargo, no se necesita realizar un Análisis de Equidad de Servicio.

### **III. Análisis de Equidad Política de Impacto Desigual**

La Circular 4702.1B de la FTA requiere que las agencias de transporte desarrollen políticas para ayudar en la evaluación de los impactos en los pasajeros de minorías y de bajos ingresos al considerar cambios en el servicio y las tarifas (incluidos los aumentos de tarifas, las reducciones de tarifas y la introducción o eliminación de medios o tipos de tarifas).

Al evaluar cambios en el servicio y de tarifas, para identificar Impactos Desiguales, RTD analiza los efectos en los pasajeros o poblaciones de minorías en comparación con los pasajeros o poblaciones que no pertenecen a minorías.<sup>1</sup> Al evaluar los cambios en el servicio y de tarifas para identificar Cargas Desproporcionadas, RTD analiza los efectos en los pasajeros o poblaciones de bajos ingresos.

#### **A. Política de Impacto Desigual**

En el transcurso de la preparación de un Análisis de Equidad del Título VI para evaluar un posible impacto desigual, RTD analizará cómo el Cambio Mayor de Servicio propuesto ó el cambio de tarifa podría afectar a las poblaciones minoritarias, en comparación con las poblaciones no minoritarias. "Minoría" se define como todas las personas que se identifican como parte de grupos raciales/étnicos además de blancos, no hispanos.

<sup>1</sup> El personal de RTD podrá decidir usar estadísticas de los pasajeros o del censo en función de la disponibilidad y confiabilidad de las estadísticas.

En caso de que la acción propuesta tenga un impacto adverso que afecte a las poblaciones protegidas más que a otras poblaciones a un nivel que exceda los puntos de referencia establecidos en la Política de Impacto Desigual adoptada, o que limite los beneficios del cambio de servicio a las poblaciones protegidas, el resultado sería considerado como un posible impacto desigual. Dado un posible impacto desigual, RTD evaluará si existe una alternativa que sirva los mismos objetivos y con un impacto más equitativo. De lo contrario, RTD tomará medidas para minimizar o mitigar el impacto adverso de la acción propuesta.

La Política de Impacto Desigual define medidas para la determinación del posible Impacto Desigual en las poblaciones minoritarias como resultado de Cambios Mayores en el Servicio o cualquier cambio en las tarifas. La política se aplica tanto a los efectos adversos como a los beneficios de los cambios importantes en el servicio. Los efectos adversos de los cambios en el servicio se definen como:

- A. Una disminución en el nivel del servicio de tránsito (duración en días y/u horas, y/o frecuencia); y/o
- B. Una disminución en el número de millas de servicio.

La determinación del Impacto Desigual asociado con los cambios en el servicio se define por separado para los impactos de los cambios en una línea individual y para los impactos a nivel del sistema de los cambios en más de una línea, así como para las reducciones y mejoras del servicio.

- A. En caso de posibles efectos adversos resultantes de las reducciones del servicio:
  - i. Se considerará que un Cambio Mayor en el Servicio en una sola línea tiene un posible Impacto Desigual si el porcentaje de población minoritaria afectada en el área de servicio de la línea supera el porcentaje de población minoritaria de RTD en su conjunto en al menos 10 puntos porcentuales (por ejemplo, 20 por ciento en comparación con 30 por ciento).
  - ii. Para determinar los impactos en todo el sistema de las reducciones de cambios importantes en el servicio en más de una línea que dan como resultado una disminución de los niveles de servicio en todas las rutas afectadas, el porcentaje de la población minoritaria de RTD que se ve afectada se compara con el porcentaje de la población no minoritaria de RTD que se ve afectada. Si el porcentaje de la población minoritaria afectada es al menos un 15 por ciento mayor que el porcentaje de la población no minoritaria afectada (por ejemplo, el 25 por ciento en comparación con el 10 por ciento), el impacto general de los cambios se considerará desigual.
- B. En el caso de mejoras en el servicio:
  - i. Se considerará que un Cambio Mayor en el Servicio en una sola línea tiene un posible Impacto Desigual, si el porcentaje de la población minoritaria afectada en el área de servicio de la línea es menor que el porcentaje de la población minoritaria de RTD en su conjunto en al menos 10 puntos porcentuales. (por ejemplo, 20 por ciento en comparación con 30 por ciento).

- ii. Para determinar los impactos en todo el sistema de las mejoras de Cambios Mayores en el Servicio que representan una mejora, en más de una línea, el porcentaje de la población minoritaria de RTD que se ve afectada se compara con el porcentaje de la población no minoritaria del distrito RTD. Si el porcentaje de la población minoritaria afectada es al menos un 15 por ciento menor que el porcentaje de la población no minoritaria afectada (por ejemplo, el 8 por ciento en comparación con el 23 por ciento), el impacto general de los cambios se considerará desigual.
- C. Para complementar el análisis cuantitativo de Impacto Desigual descrito anteriormente, se pueden tener en cuenta consideraciones adicionales que pueden incluir la evaluación de los impactos en el acceso al empleo, la educación, los alimentos ó a la atención médica para las poblaciones minoritarias.

Luego de la determinación de un Impacto Desigual, RTD:

1. Alterará la propuesta de cambio de servicio para evitar, minimizar ó mitigar el posible Impacto Desigual; ó
2. Proporcionará una justificación sustancial para mantener la propuesta tal como es y mostrar que no hay alternativas que tendrían un Impacto Desigual menor en los pasajeros de minorías pero que de todos modos lograrían los objetivos del proyecto o programa.

#### **IV. Política de Carga Desproporcionada**

En el transcurso de la preparación de un Análisis de Equidad del Título VI para evaluar posible Carga Desproporcionada, RTD evaluará los posibles efectos en pasajeros o poblaciones de bajos ingresos. Bajos ingresos se definen como los ingresos que son iguales o inferiores a los niveles de pobreza establecidos por el Departamento de Salud y Servicios Humanos de los Estados Unidos.

#### **V. Proceso de Notificación Pública**

El alcance a la comunidad con respecto a los Cambios Mayores en el Servicio se realizarán de acuerdo con el Plan de Participación Pública de RTD.



Attachment C  
Cover Page

# RTD NEEDS YOUR INPUT!



## Major Service Change (MSC), Disparate Impact (DI), and Disproportionate Burden (DB) Policies Update

FTA Circular 4702.01B, regarding Title VI, require transportation agencies to develop policies to assist in the evaluation of impacts to minority and low-income riders when considering service and fare changes. Disparate Impact analysis evaluates effects on minority riders, while Disproportionate Burden analysis evaluates potential effects on low-income riders.

RTD is in the process of updating its current Major Service Change, Disparate Impact, and Disproportionate Burden Policies and would like your input. The current policies and drafts of the revised policies are available on RTD's website at [sjRTD.com/title-vi/](https://www.sjRTD.com/title-vi/)

**Please provide your comments by December 9, 2022 using the following methods:**

**Electronic:**

E-mail: [comments@sjRTD.com](mailto:comments@sjRTD.com)

Phone: (209) 467-6625

Fax: (209) 948-8516

**In-person:**

Downtown Transit Center

421 East Weber Avenue

Stockton, CA 95202

**Mail:**

San Joaquin RTD

Service Development Dept.

421 East Weber Avenue

Stockton, CA 95202

(209) 943-1111 / Free language assistance / Asistencia lingüística gratuita / ជំនួយភាសាឥតគិតថ្លៃ /  
ช่วยเหลือภาษา / Muaj kev pab txhais lus pub dawb / Libreng tulong sa wika / Hỗ trợ ngôn ngữ miễn phí





Attachment D  
Cover Page

RESOLUTION NO. \_\_\_\_  
DATED: JANUARY 20, 2023

RESOLUTION APPROVING SAN JOAQUIN REGIONAL TRANSIT DISTRICT'S REVISED  
MAJOR SERVICE CHANGE, DISPARATE IMPACT AND DISPROPORTIONATE BURDEN  
POLICIES

WHEREAS, the Federal Transit Administration (FTA)'s Circular 4702.1B outlines federal regulations and guidance implementing Title VI of the Civil Rights Act of 1964; and

WHEREAS, RTD's previous Major Service Change Policy has been revised as shown in the attached, and the attached Disparate Impact and Disproportionate Burden Policies (the Policies) have been prepared, to comply with FTA Circular 4702.1B; and

WHEREAS, RTD staff conducted Public outreach to gather public input on the Policies; and

WHEREAS, the draft policies were posted on RTD's website in English and Spanish, and flyers requesting public input on the Policies were posted to RTD's website, disseminated through RTD's social media channels, and emailed to RTD's maintained list of interested stakeholders; and

WHEREAS, only one public comment was received, which was not specific to the Policies; and

WHEREAS, RTD has complied with its adopted Public Participation Plan in seeking public input on the policies.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District that the revised Major Service Change Policy, and new Disparate Impact and Disproportionate Burden Policies, attached, be, and hereby are, approved.



**LEAD STAFF: ALEX CLIFFORD, CEO**

**I. RECOMMENDED ACTION:**

Approving the CEO (or their designee) and General Counsel to allow, compromise, and/or settle any Workers' Compensation claim or case up to \$100,000.

**II. SUMMARY:**

- Currently the Workers' Compensation settlement authority for the CEO is \$20,000, as approved by the RTD Board of Directors on January 21, 2022.
- The requested settlement authority amount aligns with current best practices of other transit agencies, ranging from \$100,000 to \$125,000.
- The Human Resources Director directs the program through a third-party administrator selected by the Board. Currently that third-party administrator is Carl Warren.
- From an internal control perspective, staff recommends the attached resolution that will provide for review and approval of all Workers' Compensation claims by the CEO, or their designee, and General Counsel.
- The proposed resolution is for the Board to approve increasing the Workers' Compensation settlement authorization for the CEO and General Counsel to \$100,000.

**III. DISCUSSION/BACKGROUND**

On January 21, 2022, with the change of RTD's CEO, the Board of Directors approved the Workers' Compensation settlement authority for the CEO at \$20,000. Any settlement over that amount had to receive specific Board approval.

RTD's third-party administrator, Carl Warren, employs a legal team and develops legal strategies for RTD, in conjunction with the Human Resources Manager, General Counsel and the CEO. A report is generated by the third-party administrator each time a claim is filed, outlining the specific details and recommending the amount of reserves to be established for the claim.

With the increased settlement authority, the CEO and General Counsel can settle claims promptly and possibly obtain a more favorable settlement. The Board will continue to be able to review potential claims, claims and litigation during closed session, and when a claim is placed on the consent agenda for Board action.

At this time, it is recommended that the Board consider approving the CEO (or their designee) and General Counsel to allow, compromise, and/or settle any Workers' Compensation claim or case up to \$100,000.

**IV. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This recommendation aligns with the Board's Strategic Priorities 3 and 4.  
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**V. FINANCIAL CONSIDERATIONS/IMPACT**

There is no fiscal impact with the Board's approval of this settlement authority. However, having this authority, the CEO and General Counsel will be able to settle claims promptly and possibly obtain a more favorable settlement, which ultimately affects the Operating Budget.

**VI. CHANGES FROM COMMITTEE**

N/A

**VII. ALTERNATIVES CONSIDERED**

The Board could allow the authority to remain at \$20,000. This action is not recommended as delays to settle claims may occur, which could result in a less favorable outcome of the claims for RTD.

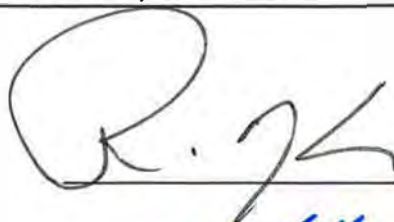
**VIII. ATTACHMENTS**

**Attachment A:** Resolution

Prepared by: Merab Talamantes, Project Controls Manager

**IX. APPROVALS**

Financial Impact Approved:  
Robert Kyle, CFO



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Alex Clifford, CEO



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Attachment A  
Cover Page

RESOLUTION NO. \_\_\_\_\_  
DATED: JANUARY 20, 2023

RESOLUTION APPROVING THE CEO (OR THEIR DESIGNEE) AND GENERAL COUNSEL  
TO ALLOW, COMPROMISE, AND/OR SETTLE ANY WORKERS' COMPENSATION CLAIM  
OR CASE UP TO \$100,000

WHEREAS, San Joaquin Regional Transit District (RTD), maintains a self-insured  
Workers' Compensation program per California State Law; and

WHEREAS, all RTD employees claiming Workers' Compensation benefits under the  
provisions of Division 4 (commencing with Section 3200) of the Labor Code shall file such  
claims with RTD's Human Resources Manager, or the Workers' Compensation Appeals  
Board pursuant to Division 4, Chapter 3 of the Labor Code and Title 8, Administrative  
Code, Section 10400; and

WHEREAS, RTD is charged with the responsibility to bring about a satisfactory  
resolution to all claims filed against it; and

WHEREAS, on January 21, 2022, the Board of Directors delegated Workers'  
Compensation settlement authority to RTD's CEO, provided the settlement amount did  
not exceed \$20,000; and

WHEREAS, the Workers' Compensation delegation authority is recommended to  
increase to \$100,000.

NOW, THEREFORE, BE IT RESOLVED, that the CEO, or designee, and the General  
Counsel are authorized to allow, compromise or settle any Workers' Compensation claim  
or case that is filed against RTD, its officers or employees, provided the amount to be  
paid pursuant to such allowance, compromise or settlement does not exceed \$100,000;  
and further provided that the claim or action is for benefits as defined under the  
Workers' Compensation laws of the State; that the claim or action is not subject to the  
terms of an insurance policy wherein the insurer is granted the authority to allow, deny,  
compromise or settle claims or actions within the scope of such policy; and that any  
such compromise or settlement is approved by the Workers' Compensation Appeals  
Board. If the amount to be paid exceeds \$100,000, the allowance, compromise or  
settlement must be approved by the RTD Board of Directors.

BE IT FURTHER RESOLVED, in all Workers' Compensation claims or actions that  
are allowed, compromised or settled, pursuant to the Board of Director's actions  
hereunder, the Chief Financial Officer (CFO) will be responsible, upon written order of  
General Counsel and the CEO, or designee, and in accordance with the terms of such  
allowance, compromise or settlement, to cause the necessary check to be issued in  
accordance with the terms of such allowance, compromise or settlement, in an amount

for which any Workers' Compensation claim or action has been allowed, compromised or settled and approved by the Workers' Compensation Appeals Board pursuant to this resolution.





**LEAD STAFF:       ALEX CLIFFORD, CEO**

**I.       RECOMMENDED ACTION:**

Approving the CEO (or their designee) and General Counsel to compromise and/or settle potential tort liability, potential claims, claims and/or legal actions up to \$100,000.

**II.       SUMMARY:**

- Currently the tort liability settlement authority for the CEO is \$20,000, as approved by the RTD Board of Directors on January 21, 2022.
- The requested settlement authority amount aligns with current best practices of other transit agencies, ranging from \$100,000 to \$125,000.
- Given the high cost of vehicle repairs and medical treatment, it is appropriate for the Board to consider increasing the settlement authority.
- Staff recommends that the Board approve increasing the tort liability settlement authorization for the CEO and General Counsel to \$100,000.
- RTD's Board of Directors will continue to be able to review potential claims, claims, and litigation during closed session, and when a claim is placed on the consent agenda for Board action.

**III.       DISCUSSION/BACKGROUND**

On January 21, 2022, the Board of Directors approved the tort liability settlement authority for the CEO at \$20,000. Any settlement over that amount had to receive specific Board approval. At this time, staff recommends that tort liability settlement authorization be increased to \$100,000 for tort liability, potential claims, claims, and/or legal actions.

With this authority, the CEO and General Counsel can settle cases promptly and possibly obtain a more favorable settlement. The Board will continue to be able to review potential claims, claims and litigation during closed session, and when a claim is placed on the consent agenda for Board action.

**IV.       STRATEGIC PLAN PRIORITIES ALIGNMENT**

This recommendation aligns with the Board's Strategic Priorities 3 and 4.  
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

**V. FINANCIAL CONSIDERATIONS/IMPACT**

There is no fiscal impact with the Board's approval of this settlement authority. However, having this authority, the CEO and General Counsel will be able to settle cases promptly and possibly obtain a more favorable settlement, which ultimately affects the Operating Budget.

**VI. CHANGES FROM COMMITTEE**

N/A

**VII. ALTERNATIVES CONSIDERED**

The Board could allow the settlement authority to remain at \$20,000. This action is not recommended as delays to settle claims may occur, which could result in a less favorable outcome of the claims for RTD.

**VIII. ATTACHMENTS**

**Attachment A:** Resolution

Prepared by: Merab Talamantes, Project Controls Manager

**IX. APPROVALS**

Financial Impact Approved:  
Robert Kyle, CFO


Alex Clifford, CEO



Attachment A  
Cover Page

RESOLUTION NO. \_\_\_\_\_  
DATED: JANUARY 20, 2023

RESOLUTION APPROVING THE CEO (OR THEIR DESIGNEE) AND GENERAL COUNSEL  
TO COMPROMISE AND/OR SETTLE POTENTIAL TORT LIABILITY, POTENTIAL CLAIMS,  
CLAIMS AND/OR LEGAL ACTIONS UP TO \$100,000

WHEREAS, no suit for money or damages may be brought against the San Joaquin Regional Transit District (RTD), unless a written claim has been timely presented to RTD and rejected in whole or in part; and

WHEREAS, RTD has an obligation to vigorously defend its interest by thoroughly investigating all claims and lawsuits filed against it; and

WHEREAS, RTD is charged with the responsibility to bring about satisfactory resolution to all potential claims, claims, and lawsuits filed against it; and

WHEREAS, on January 21, 2022, the Board of Directors delegated tort claim settlement authority to RTD's CEO, provided the settlement amount did not exceed \$20,000; and

WHEREAS, staff recommends the tort claim delegation authority be raised to \$100,000.

NOW, THEREFORE, BE IT RESOLVED, that the CEO, or designee, and the General Counsel are authorized to compromise or settle any tort liability, potential claim, claim, or legal action that is filed against RTD, its officers or employees, provided the amount to be paid pursuant to such allowance, compromise or settlement does not exceed \$100,000. If the amount to be paid exceeds \$100,000, the allowance, compromise or settlement must be approved by the Board of Directors.

BE IT FURTHER RESOLVED, in all potential claims, claims, or legal actions that allowed, compromised or settled, pursuant to the Board of Director's actions hereunder, the Safety and Security Manager will be responsible, upon written order of General Counsel and the CEO and in accordance with the terms of such allowance, compromise or settlement, to cause the necessary check to be issued in an amount for which such tort liability, potential claim, claim, or legal action has been allowed, compromised or settled pursuant to the resolution.