



BOARD OF DIRECTORS 2010

OMAR AHMAD  
MARK CHURCH  
JERRY DEAL  
ROSE GUILBAULT  
SHIRLEY HARRIS  
ZOE KERSTEEN-TUCKER  
ARTHUR L. LLOYD  
KARYL MATSUMOTO  
ADRIENNE TISSIER

MICHAEL J. SCANLON  
GENERAL MANAGER/CEO

## A G E N D A

### **COMMUNITY RELATIONS COMMITTEE COMMITTEE OF THE WHOLE (Accessibility, Senior Services, and Community Issues)**

**San Mateo County Transit District Administrative Building  
Bacciocco Auditorium - Second Floor  
1250 San Carlos Ave., San Carlos, CA**

**WEDNESDAY, JANUARY 13, 2010 – 2:00 p.m.**

1. Pledge of Allegiance
2. Swearing in of Omar Ahmad (Representing City Selection Committee - South)

#### **ACTION**

3. Approval of Minutes of Community Relations Committee Meeting of December 9, 2009
4. Certificate of Appreciation to Outgoing CAC Chair, Wayne Kingsford-Smith

#### **INFORMATIONAL**

5. Accessibility Update – Bill Welch
6. Paratransit Coordinating Council (PCC) Update – Kent Mickelson
7. Citizens Advisory Committee Liaison Report – John Baker
8. Performance Report – Caltrain
9. Multimodal Ridership Report – November 2009

Committee Members: Art Lloyd, Mark Church, Jerry Deal

#### NOTE:

- This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.
- All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

Draft

**SAN MATEO COUNTY TRANSIT DISTRICT  
1250 SAN CARLOS AVENUE, SAN CARLOS, CALIFORNIA**

**MINUTES OF COMMUNITY RELATIONS COMMITTEE MEETING  
COMMITTEE OF THE WHOLE  
DECEMBER 9, 2009**

Committee Members Present: A. Lloyd (Committee Chair), M. Church, J. Deal

Other Board Members Present, Constituting Committee of the Whole: R. Guilbault, S. Harris, Z. Kersteen-Tucker, K. Matsumoto, A. Tissier

Staff Present: G. Harrington, C. Harvey, R. Haskin, M. Lee, M. Martinez, N. McKenna, D. Miller, M. Scanlon, M. Simon, B. Welch

Committee Chair Art Lloyd called the meeting to order at 2:04 p.m.

**Approval of Minutes of Community Relations Committee Meeting of November 12, 2009**  
The committee approved the minutes (Guilbault/Harris).

**Accessibility Update**

Accessible Transit Services Manager Bill Welch said the Redi-Wheels singers will be entertaining clients with Christmas carols and other holiday songs at adult day care centers in the county on December 21 and 22.

**Paratransit Coordinating Council (PCC) Update**

PCC Chair Kent Mickelson said the PCC is working with staff to make paratransit more efficient. Mr. Mickelson distributed new PCC tote bags that are handed out at community outreach events. He said complaints are down and compliments are up.

**Citizens Advisory Committee (CAC) Liaison Report**

Chair Wayne Kingsford-Smith reported on the December meeting:

- Thanked Directors Lloyd and Karyl Matsumoto for attending the CAC holiday reception.
- The committee received a presentation on the bus shelter program with CBS Outdoor.
- The CAC received a letter from a Route DX customer who was not happy his route was eliminated.
- John Baker was elected chair and Peter Ratto was elected vice chair for 2010.

**Performance Report – ADA Paratransit Service**

Deputy CEO Chuck Harvey provided the following information:

- Average weekday ridership is staying fairly level at over 1,000 rides per day.
- There is a zero denial rate and all trip requests are honored.

- On-time performance is 88 percent and pick-ups are made within 20 minutes of scheduled time.
- Passengers per Hour have gone up to 1.7 with on-time performance at 90 percent.
- Complaints remain well below the standard of 2.5 complaints per thousand rides at 0.8.
- Redi-Coast ridership remains solid with 100 percent on-time performance.
- Staff successfully negotiated a favorable option year with MV Transportation.
- Customer education and efficiency has reduced no-shows by 14 percent and late cancels by 16 percent.
- Staff issued a Request for Proposal (RFP) and is currently reviewing proposals for a new Interactive Voice Response (IVR) system for Redi-Wheels. Staff hopes to have the system operational by fall 2010.
- Staff is working with external stakeholders on a policy change for ride cancellations and hopes to implement this change in February 2010.
- Currently there are 7,000 registrants in the Redi-Wheels system.

Director Matsumoto asked if there is a penalty for customers who continually have no-shows or late cancellations. Mr. Harvey said the customer is given a warning letter and then if the problem occurs again they are sanctioned and denied service for a period of time.

Director Adrienne Tissier asked how often people have to be recertified. Mr. Harvey said every three years.

Director Mark Church asked what factors staff attributes to the upward trend in total registrations.

Mr. Harvey said he doesn't have an exact answer but possibly the aging population in San Mateo County.

#### Public Comment

Kent Mickelson, said the PCC is in touch with other PCCs in the eight bay area counties and San Mateo County is the only county with more compliments than complaints. He applauded staff for an outstanding report.

#### **Multimodal Ridership Report – October 2009**

Mr. Harvey said average weekday ridership for the month of October 2009 compared to October 2008 was as follows:

- a. Ridership for all modes was 99,542, a decrease of 7.7 percent.
- b. Bus ridership was 52,160, a decrease of 7.1 percent.
- c. Paratransit ridership was 1,146, a decrease of 4.9 percent.
- d. Caltrain ridership was 38,170, a decrease of 9 percent.
- e. Caltrain shuttle ridership was 5,935, a decrease of 6 percent.
- f. BART shuttle ridership was 2,131, a decrease of 8.2 percent.

**Adjourned:** 2:27 p.m.

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

TO: Community Relations Committee

THROUGH: Michael J. Scanlon  
General Manager/CEO

FROM: C. H. (Chuck) Harvey  
Deputy CEO

SUBJECT: **ACCESSIBILITY REPORT**

**ACTION**

This report is for information only. No policy action is required.

**SIGNIFICANCE**

Several groups advise SamTrans on accessible service issues. The Paratransit Coordinating Council (PCC) provides a forum for consumer input on paratransit issues. The Advocacy and Legislative Committee (AL-Com) is the advocacy arm of the PCC. The SamTrans Accessibility Advisory Committee (formerly the Americans with Disabilities Act Technical Advisory Committee or ATAC) is a SamTrans committee that advises on accessibility issues, particularly related to fixed-route service. Each group has requested that the Board be informed of the issues discussed at meetings.

The PCC meets monthly (except for August). The SamTrans Accessibility Advisory Committee (SAAC) meets every two months. The PCC Advocacy meetings are now being held on a quarterly basis.

The minutes from the December 8 PCC meeting and the most recent SAAC meeting are not yet available.

Prepared by: Tina Dubost, Accessibility Coordinator 650-508-6247  
Project Manager: Bill Welch, Manager, Accessible Transit Services 650-508-6475

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

**TO:** Community Relations Committee

**THROUGH:** Michael J. Scanlon  
General Manager/CEO

**FROM:** C. H. (Chuck) Harvey  
Deputy CEO

**SUBJECT: CALTRAIN PERFORMANCE REPORT**

**ACTION**

This report is for information only. No policy action is required.

**SIGNIFICANCE**

This presentation is part of this fiscal year's series of detailed performance reports presented to the Board Each of the District's four transportation modes – SamTrans motor bus, ADA Paratransit, Caltrain and Shuttles – are featured individually each month. This month features a report on the Caltrain service.

**BUDGET IMPACT**

There is no impact on the budget.

**BACKGROUND**

Staff will report on the major indices involving the Caltrain operations and performance. Staff will report on ridership, fare collection, on-time performance, and project updates.

This month's presentation will be presented via PowerPoint. A handout will be provided at the meeting.

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

**TO:** Community Relations Committee

**THROUGH:** Michael J. Scanlon  
General Manager/CEO

**FROM:** C.H. (Chuck) Harvey  
Deputy CEO

**SUBJECT: MULTIMODAL RIDERSHIP REPORT—NOVEMBER 2009**

**ACTION**

This report is for information only. No action is required.

**SIGNIFICANCE**

Table “A” summarizes the average weekday ridership (AWR) statistics for all modes of transportation for which SamTrans is responsible. Chart “A” compares AWR for Fiscal Year 2008 vs. FY2009 and year-to-date FY2009 vs. FY2010.

Table “A” also provides the average weekday ridership of the BART SFO Extension as a separate line.

**MONTHLY RIDERSHIP HIGHLIGHTS—NOVEMBER 2009 COMPARED TO NOVEMBER 2008**

**All Modes** – AWR of 95,589, a decrease of 6.7 percent.

**Bus** – AWR of 50,460, a decrease of 3.2 percent. Heavy rain impacts ridership. Last year was very wet with 2.32 inches. November 2009 had 0.20 inches of rain, 2.29 inches below normal.

**Paratransit** - AWR of 1,123, a decrease of 4.7 percent.

**Caltrain** - AWR of 36,780, a decrease of 7.4 percent.

**Caltrain Shuttles** - AWR of 5,270, a decrease of 28.8 percent. Stanford Marguerite shuttles experienced a system failure in November 2009, resulting in data lost. They asked that AWR for year, be used in November 2009. All other shuttles rolled up into this category are down approximately 18%.

**BART Shuttles** - AWR of 1,956, a decrease of 0.9 percent.

## **SamTrans Activities and Promotions:**

The SamTrans Marketing Department continues to implement a number of programs and activities to attract customers. The activities for the month included:

- **Senior Promotion** – As San Mateo County continues to “gray,” public transit will assume a larger role in the transportation options available to the senior community. In an effort to introduce the senior community to public transit, SamTrans launched a campaign in concert with the District’s Mobility Ambassador Program, which recruits individuals to assist new senior riders. The campaign included print ads in local papers, an adcard on the buses, a Web button and the newly developed *Seniors on the Go* how-to-ride guide.
- **Service to Serramonte** – The holiday season for the Serramonte Shopping Center means more customers and expanded hours of operation. SamTrans and Serramonte have partnered to extend the service hours of Route 120, which serves the Daly City and Colma BART stations, in order to handle this extra demand to the benefit of both customers and Serramonte employees. SamTrans customers were notified with a message to customers on all Route 120 buses and a news release. Employees of the shopping center were informed about the service by their employers

Prepared by: James De Hart, Senior Planner  
Patrick Boland, Manager, Marketing

650-508-6227  
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**Table A**  
**Average Weekday Ridership**

**November 2009**

<u>Mode</u>	<u>FY 09</u>	<u>FY 10</u>	<u>%Change</u>
Bus +	52,140	50,460	-3.2%
Paratransit	1,178	1,123	-4.7%
Caltrain # +	39,740	36,780	-7.4%
Caltrain Shuttle #	7,404	5,270	-28.8%
BART Shuttle	1,974	1,956	-0.9%
<b>Total</b>	102,436	95,589	-6.7%
BART (Extension Only)*	37,600	36,321	-3.4%
<b>Grand Total</b>	140,036	131,910	-5.8%

**Year to Date**

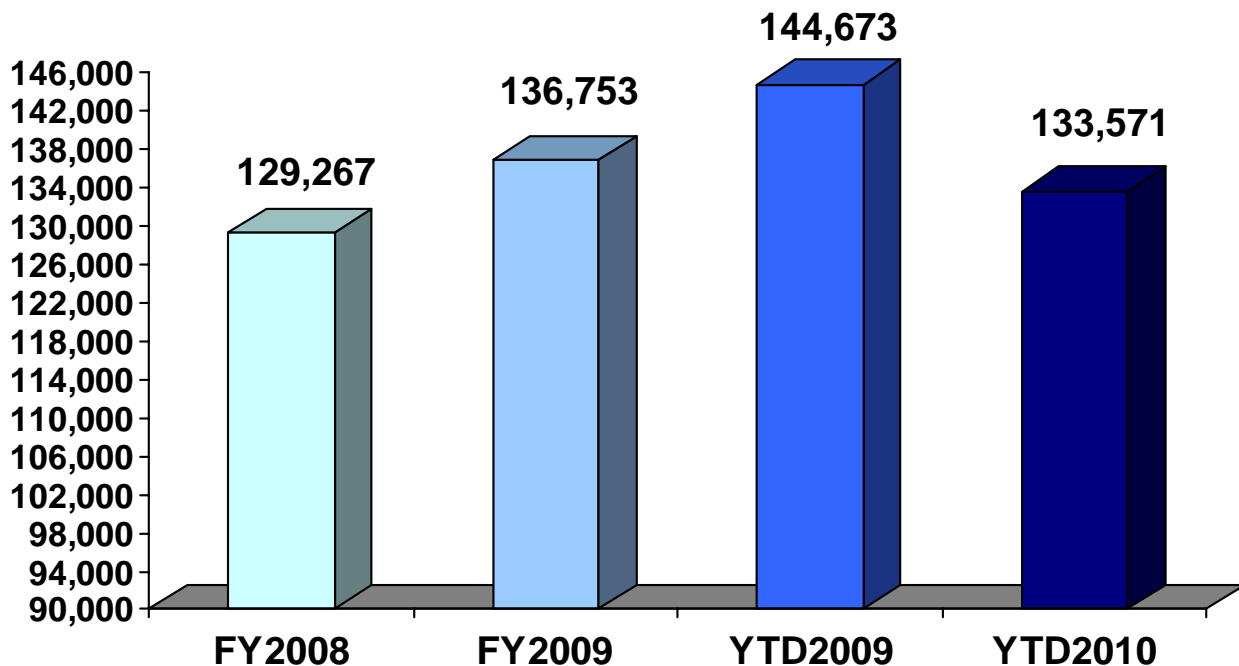
<u>Mode</u>	<u>FY 09</u>	<u>FY 10</u>	<u>%Change</u>
Bus +	52,010	48,840	-6.1%
Paratransit	1,178	1,139	-3.3%
Caltrain # +	43,310	39,150	-9.6%
Caltrain Shuttle #	6,488	5,564	-14.2%
BART Shuttle	2,188	1,972	-9.9%
<b>Total</b>	105,174	96,665	-8.1%
BART (Extension Only)*	39,509	36,906	-6.6%
<b>Grand Total</b>	144,683	133,571	-7.7%

# System

\* Extension Only (No Daly City)

+ Rounded to nearest tens

**Chart A**  
**Average Weekday Ridership**







**A G E N D A**  
**FINANCE COMMITTEE**  
**COMMITTEE OF THE WHOLE**

**San Mateo County Transit District Administrative Building**  
**Bacciocco Auditorium - Second Floor**  
**1250 San Carlos Ave., San Carlos, CA**

**WEDNESDAY, JANUARY 13, 2010 – 2:20 p.m.**  
or immediately following previous Committee meeting

**ACTION**

1. Approval of Minutes of Finance Committee Meeting of December 9, 2009
2. Approval of Revenues and Expenses for November 2009
3. Approval of Salary Ordinance No. 92
4. Authorize Entering into a Funding Agreement with the Metropolitan Transportation Commission (MTC) for New Freedom Funds in the Amount of \$200,000 for the Peninsula Rides Implementation and Development Activities Project
5. Authorize Amending and Decreasing the Fiscal Year 2010 Operating Budget by \$2,251,452 from \$136,525,075 to \$134,273,623
6. Authorize Approval of Updates to the District Procurement Policy to Incorporate Provisions of Assembly Bill 116

**CONTRACTS**

7. Authorize Award of Contract to Analysts, Inc. to Provide a Lubricating Oil and Diesel Fuel Analysis Program for a Total Estimated Cost of \$99,560
8. Authorize Award of Contract to Clean Harbors Environmental Services, Inc. for Industrial Waste Disposal and Industrial Waste Emergency Response Services for a Total Amount of \$430,110

**INFORMATIONAL**

9. Fiscal Year 2009 Comprehensive Annual Financial Report

Committee Members: Karyl Matsumoto, Shirley Harris, Adrienne Tissier

NOTE:

- This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.
- All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

**SAN MATEO COUNTY TRANSIT DISTRICT  
1250 SAN CARLOS AVENUE, SAN CARLOS, CALIFORNIA**

**MINUTES OF FINANCE COMMITTEE MEETING  
COMMITTEE OF THE WHOLE  
DECEMBER 9, 2009**

Committee Members Present: K. Matsumoto (Committee Chair), S. Harris, A. Tissier

Other Board Members Present, Constituting Committee of the Whole: M. Church, J. Deal, R. Guilbault, Z. Kersteen-Tucker, A. Lloyd

Staff Present: C. Cavitt, G. Harrington, C. Harvey, R. Haskin, M. Lee, M. Martinez, N. McKenna, D. Miller, M. Scanlon, M. Simon, J. Slavit

Committee Chair Karyl Matsumoto called the meeting to order at 2:27 p.m.

**Approval of Minutes of Finance Committee Meeting of November 12, 2009**

The committee approved the minutes (Lloyd/Harris).

**Approval of Revenues and Expenses for October 2009**

Deputy CEO Gigi Harrington said revenues are about \$650,000 under budget mostly due to passenger fares and expenses are under budget by about \$3 million. She will bring a revised budget to the January Board meeting that will reflect the upcoming service changes. Currently fuel is \$2.04 per gallon, including taxes, so the fuel hedge of \$2 per gallon has not tripped yet.

The committee (Tissier/Lloyd) unanimously recommended Board acceptance of the report.

**Authorize Entering into a Memoranda of Understanding (MOU), File Applications and Pass Through Funds to Lifeline Transportation Project Sponsors in San Mateo County in the Amount of \$1,089,614**

Manager of Capital Programming and Grants Joel Slavit said staff proposes the committee recommend that the Board provide authorization for the filing of applications to receive Proposition 1B Public Transportation Modernization, Improvement and Service Enhance Account Program (PTMISEA) funds in the amount of \$509,072; State Transit Assistance (STA) funds in the amount of \$580,542 to help fund six lifeline transportation program projects in San Mateo County; and enter into an MOU to disburse these funds to the associated lifeline project sponsors. Mr. Slavit said the City/County Association of Governments (C/CAG) is requesting that SamTrans, as the eligible recipient of Prop 1B and STA funds in the county, apply and pass through the respective amounts to the project sponsors. C/CAG has also programmed funds to cover SamTrans administrative costs associated with passing through the lifeline funds.

The committee (Kersteen-Tucker/Church) unanimously recommended Board acceptance of the motion.

**Authorize Rejection of Low Monetary Bid as Non-responsive and Award of Contract to Kerby Construction, Inc. for Brewster Depot Improvements Project in the Amount of \$159,852**

Director of Contracts and Procurement Cheryl Cavitt said staff proposes the committee recommend the Board reject the lowest bid as non-responsive and award a contract to Kerby Construction for the Brewster Depot Improvements. The site improvement project will add two modular buildings for Redi-Wheels operations.

Director Jerry Deal asked if a company has a chance to submit a pre-bid and make changes as necessary. Ms. Cavitt said a bidder is allowed one time to submit their bid, but they are allowed to ask questions prior to the submittal.

The committee (Lloyd/Harris) unanimously recommended Board acceptance of the motion.

**Authorize Award of Contract to Atlas/Pellizzari Electrical, Inc. for North Base Emergency Generator Upgrade in the Amount of \$508,000**

Ms. Cavitt said staff is requesting the committee recommend the Board award a contract to the lowest responsive bidder Atlas/Pellizzari for the North Base emergency generator upgrade.

The committee (Harris/Tissier) unanimously recommended Board acceptance of the motion.

**Authorize Award of Contract to New Flyer Industries, LLC for Furnishing Brake Parts and Related Items for a Total Estimated Cost of \$135,112**

Ms. Cavitt said staff is requesting the committee recommend the Board award a contract to New Flyer Industries for furnishing brake parts and related items.

The committee (Lloyd/Kersteen-Tucker) unanimously recommended Board acceptance of the motion.

**Authorize Award of Contract to Maze & Associates Accountancy Corporation to Provide Financial Audit Services in the Amount of \$185,000**

Ms. Cavitt said staff is requesting the committee recommend the Board award a contract to Maze & Associates to provide financial auditing services that are required by the District's enabling legislation, the United States Office of Management and Budget and the Federal Transit Administration.

Director Rose Guilbault asked if the current company was not reappointed due to performance. Mr. Scanlon said staff is very pleased with the current auditor, but staff went to the marketplace and a better proposal was received.

The committee (Tissier/Harris) unanimously recommended Board acceptance of the motion.

**Authorize Rejection of all Proposals for Providing Environmental Planning**

Ms. Cavitt said staff is requesting the committee recommend the Board reject proposals received for environmental planning from Jacobs, James Environmental Planning Services and PBS&J.

The committee (Tissier/Guilbault) unanimously recommended Board acceptance of the motion.

**Adjourned:** 2:37 p.m.

SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT

TO: Finance Committee

THROUGH: Michael J. Scanlon  
General Manager/CEO

FROM: Gigi Harrington  
Deputy CEO

SUBJECT: **STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD  
ENDING NOVEMBER 30, 2009 AND SUPPLEMENTAL INFORMATION**

**ACTION**

Staff proposes the Committee recommend that the Board accept and enter into the record the Statement of Revenues and Expenses for the month of November 2009 and supplemental information.

**SIGNIFICANCE**

**Revenues:** *Total Revenues* (page 1, line 12) are \$905,030 or 1.6 percent **worse** than revised budget. *Passenger Fares* (page 1, line 1) are **worse** than budget by \$757,696 or 9.6 percent. *Measure A contribution and AB434 funds* (page 1, line 5) are **worse** than budget by \$145,416 or 3.7 percent and *District ½ Cent Sales Tax* (page 1, line 8) are **worse** than budget by \$611,275 or 2.4 percent offset by *Investment Interest* (page 1, line 9) which is **better** than budget by \$382,805 or 15.6 percent and *Other Interest, Rent & Other Income* (page 1, line 10) which is **better** than budget by \$226,553 or 10.7 percent.

**Expenses:** *Total Expenses* (page 4, line 75) are \$3,663,803 or 6.3 percent **better** than budget. Within *Total Expenses*, *Total Motor Bus* (page 3, line 48) is **better** than budget by \$3,416,787 or 8.0 percent, *Total ADA Programs* (page 4, line 57) are **better** than budget by \$336,113 or 5.7 percent offset by *Total Multimodal* (page 4, line 73) which is **worse** than budget by \$89,097 or 1.0 percent.

**Budget Amendments:** There are no budget amendments this month.

Prepared by: Rima Lobo, Manager, Financial Services  
Jeannie Chen, Senior Accountant

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650-508-6259

**SAN MATEO COUNTY TRANSIT DISTRICT  
SUMMARY OF REVENUES AND EXPENSES  
FISCAL YEAR 2010  
NOVEMBER 2009**

% OF YEAR ELAPSED: **41.7%**

	MONTH	YEAR-TO-DATE				ANNUAL		
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	REVISED BUDGET	% REV BUDGET	APPROVED BUDGET	REVISED BUDGET	% REV BUDGET
<b>SOURCES OF FUNDS</b>								
<b>Operating Revenues</b>								
1 Passenger Fares	1,413,003	7,291,967	7,148,554	7,906,250	90.4	18,975,000	18,975,000	37.7
2 TDA and STA Funds	2,497,992	15,251,367	12,489,960	12,489,960	100.0	29,975,899	29,975,899	41.7
3 STA Pass through to Other Agencies	8,111	73,060	40,556	40,556	100.0	97,334	97,334	41.7
4 Operating Grants	0	542,687	281,369	281,369	100.0	4,429,071	4,429,071	6.4
5 Measure A Contribution and AB434 Funds	672,016	688,392	3,802,835	3,948,251	96.3	9,497,724	9,497,724	40.0
6 <b>Subtotal - Operating Revenues</b>	<b>4,591,122</b>	<b>23,847,473</b>	<b>23,763,274</b>	<b>24,666,386</b>	<b>96.3</b>	<b>62,975,028</b>	<b>62,975,028</b>	<b>37.7</b>
<b>Other Revenue Sources</b>								
7 District 1/2 Cent Sales Tax	5,115,659	26,981,000	25,000,392	25,611,667	97.6	62,216,300	62,216,300	40.2
9 Investment Interest	463,745	2,631,210	2,834,227	2,451,422	115.6	5,917,820	5,917,820	47.9
10 Other Interest, Rent & Other Income	374,675	2,282,039	2,348,426	2,121,873	110.7	5,105,649	5,105,649	46.0
11 <b>Subtotal - Other Revenues</b>	<b>5,954,079</b>	<b>31,894,249</b>	<b>30,183,045</b>	<b>30,184,962</b>	<b>100.0</b>	<b>73,239,769</b>	<b>73,239,769</b>	<b>41.2</b>
12 <b>Total Revenues</b>	<b>10,545,200</b>	<b>55,741,722</b>	<b>53,946,318</b>	<b>54,851,348</b>	<b>98.4</b>	<b>136,214,797</b>	<b>136,214,797</b>	<b>39.6</b>
13 <b>Capital Assistance</b>	<b>5,914,060</b>	<b>533,671</b>	<b>9,950,648</b>	<b>9,950,648</b>	<b>100.0</b>	<b>14,545,513</b>	<b>70,834,975 A</b>	<b>14.0</b>
14 <b>Reserves Programmed for Capital</b>	<b>2,620,597</b>	<b>1,525,029</b>	<b>3,450,772</b>	<b>3,450,772</b>	<b>100.0</b>	<b>0</b>	<b>18,516,050 A</b>	<b>18.6</b>
15 <b>Total Revenues - All Sources</b>	<b>19,079,857</b>	<b>57,800,422</b>	<b>67,347,738</b>	<b>68,252,768</b>	<b>98.7</b>	<b>150,760,310</b>	<b>225,565,822</b>	<b>29.9</b>
<b>USES OF FUNDS</b>								
<b>Operations</b>								
19 District Motor Bus	7,862,993	39,703,624	39,029,269	42,446,056	92.0	102,143,459	102,083,459	38.2
20 A. D. A. Programs	1,075,359	5,706,806	5,559,259	5,895,372	94.3	14,081,912	14,141,912	39.3
21 Caltrain	1,239,703	7,843,369	7,843,369	7,843,369	100.0	16,521,290	16,521,290	47.5
22 Other Multimodal Programs	296,581	1,514,486	1,622,313	1,533,216	105.8	3,681,080	3,681,080	44.1
23 <b>Subtotal - Operating Costs</b>	<b>10,474,636</b>	<b>54,768,285</b>	<b>54,054,210</b>	<b>57,718,013</b>	<b>93.7</b>	<b>136,427,741</b>	<b>136,427,741</b>	<b>39.6</b>
<b>Other Uses of Funds</b>								
25 STA Pass through to Other Agencies	8,111	73,060	40,556	40,556	100.0	97,334	97,334	41.7
26 Transfer Out to Debt Service	2,037,528	9,872,227	10,187,644	10,187,644	100.0	24,450,342	24,450,342	41.7
27 Fiscal Agent Fees	0	46,161	1,975	6,600	29.9	27,500	27,500	7.2
28 <b>Subtotal - Other Uses</b>	<b>2,045,639</b>	<b>9,991,448</b>	<b>10,230,175</b>	<b>10,234,800</b>	<b>100.0</b>	<b>24,575,176</b>	<b>24,575,176</b>	<b>41.6</b>
29 <b>Capital Programs</b>	<b>8,638,573</b>	<b>2,402,261</b>	<b>13,715,708</b>	<b>13,715,708</b>	<b>100.0</b>	<b>18,731,316</b>	<b>93,536,828 A</b>	<b>14.7</b>
30 <b>Total Uses of Funds</b>	<b>21,158,848</b>	<b>67,161,994</b>	<b>78,000,093</b>	<b>81,668,521</b>	<b>95.5</b>	<b>179,734,233</b>	<b>254,539,745</b>	<b>30.6</b>
31 <b>SURPLUS/(DEFICIT) FOR PERIOD</b>	<b>(2,078,991)</b>	<b>(9,361,572)</b>	<b>(10,652,355)</b>	<b>(13,415,753)</b>	<b>79.4</b>	<b>(28,973,923)</b>	<b>(28,973,923)</b>	<b>36.8</b>

% OF YEAR ELAPSED" provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% REV BUDGET" column, please note that individual line items reflect variations due to seasonal activities during the year.

Note A - The Revised Budget includes the year end rollover of existing capital projects.

**SAN MATEO COUNTY TRANSIT DISTRICT  
STATEMENT OF REVENUES  
FISCAL YEAR 2010  
NOVEMBER 2009**

% OF YEAR ELAPSED: 41.7%

	MONTH	YEAR-TO-DATE				ANNUAL		
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	REVISED BUDGET	% REV BUDGET	APPROVED BUDGET	REVISED BUDGET	% REV BUDGET
<b>OPERATING REVENUES - MOTOR BUS</b>								
1 TOTAL MOTOR BUS FARES	1,359,675	7,042,565	6,855,530	7,606,667	90.1	18,256,000	18,256,000	37.6
2 TRANSPORTATION DEVELOPMENT ACT FUND:								
3 TDA Gen. Oper. Asst.	2,373,092	12,529,630	11,865,460	11,865,460	100.0	28,477,104	28,477,104	41.7
4 STATE TRANSIT ASSISTANCE:								
5 STA - Gen. Oper. Asst.	0	971,705	0	0	0.0	0	0	0.0
6 OPERATING GRANTS								
7 Planning Assistance Grant	0	527,207	281,369	281,369	100.0	3,376,430	3,376,430	8.3
8 DISTRICT 1/2 CENT SALES TAX:								
9 General Operating Asst.	3,748,046	16,061,753	17,778,315	20,673,735	86.0	47,141,215	47,081,215	37.8
10 Accessibility Fixed Route	81,412	409,811	410,797	410,830	100.0	985,992	985,992	41.7
11 TOTAL 1/2 CENT SALES TAX	3,829,458	16,471,564	18,189,112	21,084,565	86.3	48,127,207	48,067,207	37.8
12 INVESTMENT INTEREST INCOME:								
13 Investment Interest Income	35,473	470,452	175,907	44,288	397.2	140,670	140,670	125.0
14 OTHER REVENUE SOURCES:								
15 Overnight Deposits Interest Income	204	7,524	1,133	1,900	59.6	4,560	4,560	24.8
16 Rental Income	86,084	427,665	430,358	434,125	99.1	1,041,900	1,041,900	41.3
17 Advertising Income	116,666	541,667	623,609	562,500	110.9	1,350,000	1,350,000	46.2
18 Other Income	62,341	713,645	606,791	565,182	107.4	1,369,588	1,369,588	44.3
19 TOTAL OTHER REVENUES	265,295	1,690,501	1,661,891	1,563,707	106.3	3,766,048	3,766,048	44.1
20								
21 TOTAL MOTOR BUS	7,862,993	39,703,624	39,029,269	42,446,056	92.0	102,143,459	102,083,459	38.2
22								
23 AMERICAN DISABILITIES ACT:								
24 Passenger Fares Redi-Wheels	53,328	249,402	293,024	299,583	97.8	719,000	719,000	40.8
25 Local TDA 4.5 Redi-Wheels	124,900	1,261,405	624,500	624,500	100.0	1,498,795	1,498,795	41.7
26 Local STA - Paratransit	0	488,627	0	0	0.0	0	0	0.0
27 Operating Grants	0	0	0	0	0.0	1,052,641	1,052,641	0.0
28 Sales Tax - District ADA Programs	593,728	3,241,364	2,930,678	3,121,135	93.9	6,476,254	6,476,254	45.3
29 Sales Tax - Paratransit Suppl. Coastsides	93,382	466,008	502,583	533,079	94.3	1,215,320	1,275,320	39.4
30 Interest Income - Paratransit Fund	30,615	0	172,788	221,354	78.1	531,250	531,250	32.5
31 Measure A Contribution - R/W	179,406	0	1,035,686	1,095,721	94.5	2,588,652	2,588,652	40.0
32								
33 TOTAL ADA PROGRAMS	1,075,359	5,706,806	5,559,259	5,895,372	94.3	14,081,912	14,141,912	39.3
34 MULTIMODAL TRANSIT PROGRAMS:								
35 Sales Tax - Caltrain	880,892	7,843,369	5,771,998	5,712,409	101.0	11,343,986	11,343,986	50.9
36 Transfer from TA for Caltrain	358,811	0	2,071,371	2,130,960	97.2	5,177,304	5,177,304	40.0
37 TA Funded SM/Caltrain Shuttles	86,299	423,392	458,278	471,570	97.2	1,131,768	1,131,768	40.5
38 Employer Share SM/Caltrain Shuttles	24,850	136,992	131,805	135,515	97.3	325,237	325,237	40.5
39 AB434 Funds - SamTrans Shuttles	47,500	265,000	237,500	250,000	95.0	600,000	600,000	39.6
40 Employer Share SamTrans Shuttles	84,530	454,546	554,730	422,651	131.3	1,014,364	1,014,364	54.7
41 Sales Tax - SamTrans Shuttle Program	24,683	96,819	120,584	119,309	101.1	288,541	288,541	41.8
42 Operating Grants	0	15,480	0	0	0.0	0	0	0.0
42 Sales Tax - Gen. Operating Asst.	28,720	122,257	119,417	134,171	89.0	321,170	321,170	37.2
43								
44 TOTAL MULTIMODAL	1,536,284	9,357,855	9,465,682	9,376,585	101.0	20,202,370	20,202,370	46.9
45								
46 TOTAL REVENUES	10,474,636	54,768,285	54,054,210	57,718,013	93.7	136,427,741	136,427,741	39.6

"% OF YEAR ELAPSED" provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% REV BUDGET" column, please note that individual line items reflect variations due to seasonal activities during the year.

**SAN MATEO COUNTY TRANSIT DISTRICT  
OPERATING EXPENSES  
FISCAL YEAR 2010  
NOVEMBER 2009**

% OF YEAR ELAPSED: 41.7%

EXPENSES	MONTH	YEAR-TO-DATE				ANNUAL		
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	REVISED BUDGET	% REV BUDGET	APPROVED BUDGET	REVISED BUDGET	% REV BUDGET
<b>DISTRICT OPERATED BUSES</b>								
1 Wages & Benefits	4,543,289	21,791,567	22,948,180	23,330,039	98.4	56,034,282	56,003,977	41.0
2								
3 Services:								
4 Board of Directors	3,495	22,296	24,367	25,232	96.6	53,090	53,090	45.9
5 Contracted Vehicle Maintenance	30,322	247,445	151,206	213,713	70.8	512,910	512,910	29.5
6 Property Maintenance	74,990	434,020	368,439	596,000	61.8	1,434,000	1,434,000	25.7
7 Professional Services	225,406	1,152,938	548,255	1,230,235	44.6	2,980,663	2,992,068	18.3
8 Technical Services	287,135	1,264,331	1,479,054	1,555,349	95.1	3,676,639	3,732,539	39.6
9 Other Services	60,137	116,360	143,907	183,018	78.6	450,246	450,246	32.0
10								
11 Materials & Supply:								
12 Fuel & Lubricants	339,773	2,829,289	1,784,262	3,019,307	59.1	7,246,336	7,246,336	24.6
13 Bus Parts & Materials	154,345	928,592	837,988	851,579	98.4	2,054,913	2,029,913	41.3
14 Uniforms & Driver Expense	11,444	74,294	54,502	127,907	42.6	444,848	415,848	13.1
15 Timetables & Tickets	18,447	54,589	51,914	90,625	57.3	217,500	217,500	23.9
16 Office Supplies / Printing	34,014	140,048	77,220	135,449	57.0	333,055	340,055	22.7
17 Other Materials & Supply	8,776	74,509	57,588	72,688	79.2	183,750	183,750	31.3
18								
19 Utilities:								
20 Telephone	44,526	187,790	175,896	165,000	106.6	396,000	396,000	44.4
21 Other Utilities	63,806	427,583	411,620	415,000	99.2	996,000	996,000	41.3
22 Insurance Costs	178,951	957,712	931,368	954,985	97.5	2,292,000	2,292,000	40.6
23 Workers' Compensation	267,845	1,266,429	1,308,041	1,321,688	99.0	3,172,050	3,172,050	41.2
24 Taxes & License Fees	34,425	224,343	174,230	274,904	63.4	659,770	659,770	26.4
25 Fixed Route Accessibility	81,412	409,811	410,797	410,830	100.0	985,992	985,992	41.7
26 Leases & Rental	8,341	43,569	44,937	47,808	94.0	115,588	115,588	38.9
27 Promotional & Legal Advertising	32,019	104,235	102,896	142,833	72.0	340,000	340,000	30.3
28 Seminar & Training	13,993	74,615	32,848	63,821	51.5	150,460	160,460	20.5
29 Business Travel & Meeting	3,044	15,449	11,794	13,192	89.4	31,615	31,615	37.3
30 Dues & Membership	2,128	10,207	17,607	28,747	61.2	91,085	91,085	19.3
31 Postage & Other	3,264	28,566	15,672	35,698	43.9	85,680	85,680	18.3
32								
33 <b>Total District Operated Buses</b>	<b>6,525,327</b>	<b>32,880,587</b>	<b>32,164,588</b>	<b>35,305,647</b>	<b>91.1</b>	<b>84,938,472</b>	<b>84,938,472</b>	<b>37.9</b>
34								
35								
36 <b>CONTRACTED BUS SERVICES</b>								
37 Contracted Urban Bus Service	1,189,112	6,005,808	6,099,082	6,239,287	97.8	15,073,092	14,973,092	40.7
38 Other Related Costs	24,057	161,081	120,476	134,369	89.7	334,465	334,465	36.0
39 Insurance Costs	46,586	235,466	241,378	272,905	88.4	655,000	655,000	36.9
40 Coastside Services	49,369	247,301	246,496	263,996	93.4	633,590	633,590	38.9
41 Redi Coast Non-ADA	15,205	98,053	75,218	109,158	68.9	261,980	261,980	28.7
42 Other Related Costs	1,061	9,353	2,676	26,771	10.0	64,250	64,250	4.2
43 La Honda - Pescadero	3,500	0	20,063	21,875	91.7	52,500	52,500	38.2
44 SamCoast - Pescadero	8,611	64,001	57,875	66,240	87.4	116,170	156,170	37.1
45 Other Related Cost - SamCoast	165	1,974	1,417	5,808	24.4	13,940	13,940	10.2
46 <b>Total Contracted Bus Service</b>	<b>1,337,666</b>	<b>6,823,037</b>	<b>6,864,681</b>	<b>7,140,409</b>	<b>96.1</b>	<b>17,204,987</b>	<b>17,144,987</b>	<b>40.0</b>
47								
48 <b>TOTAL MOTOR BUS</b>	<b>7,862,993</b>	<b>39,703,624</b>	<b>39,029,269</b>	<b>42,446,056</b>	<b>92.0</b>	<b>102,143,459</b>	<b>102,083,459</b>	<b>38.2</b>

% OF YEAR ELAPSED" provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% REV BUDGET" column, please note that individual line items reflect variations due to seasonal activities during the year



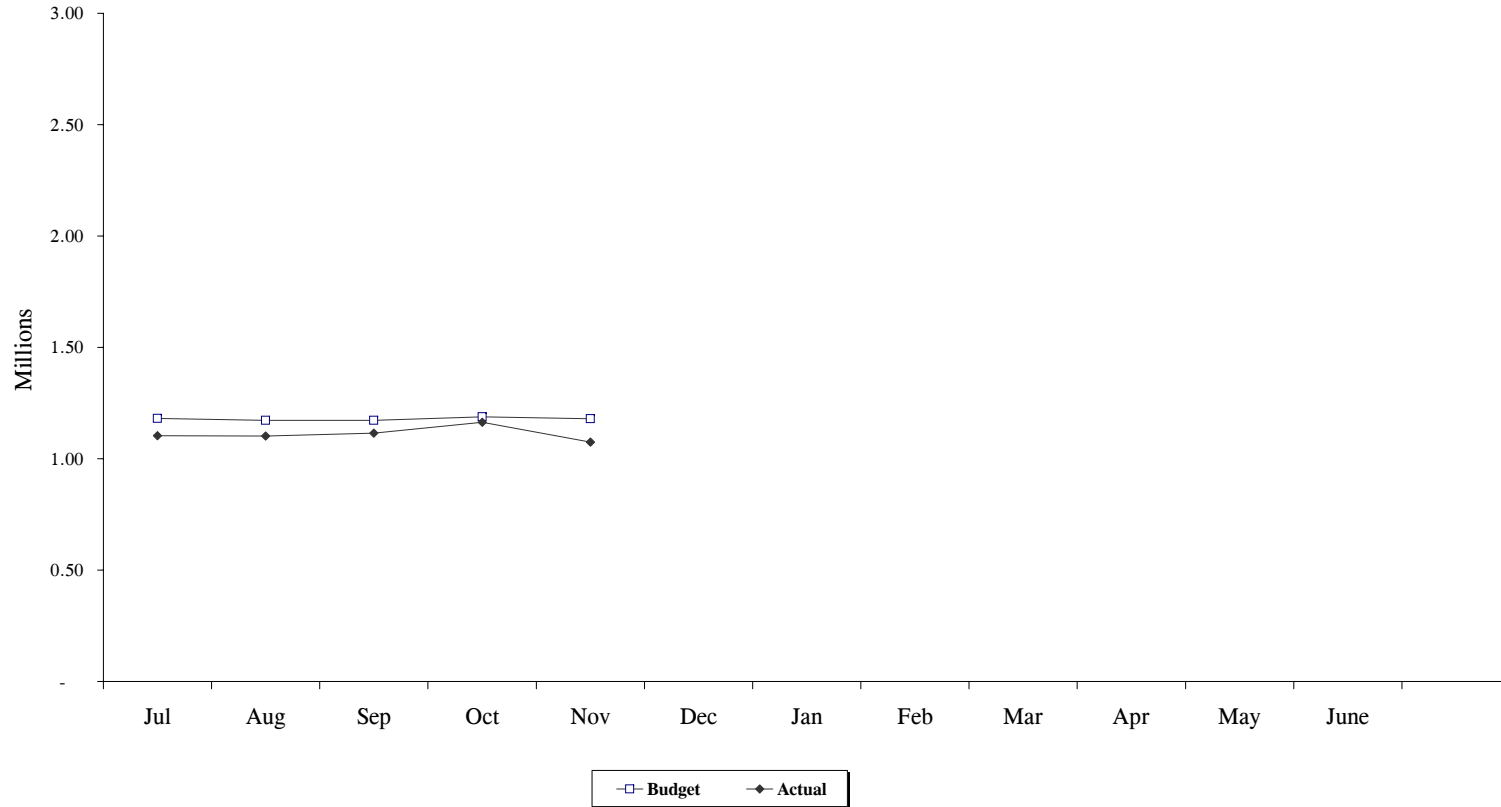
**SAN MATEO COUNTY TRANSIT DISTRICT  
OPERATING EXPENSES  
FISCAL YEAR 2010  
NOVEMBER 2009**

% OF YEAR ELAPSED: 41.7%

EXPENSES	MONTH	YEAR-TO-DATE				ANNUAL		
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	REVISED BUDGET	% REV BUDGET	APPROVED BUDGET	REVISED BUDGET	% REV BUDGET
<b>AMERICAN DISABILITY ACT PROGRAMS</b>								
Elderly & Disabled/Redi-Wheels	466,895	2,529,048	2,392,939	2,581,800	92.7	6,638,319	6,195,819	38.6
Other Related Costs	218,721	1,059,018	994,267	1,078,747	92.2	2,586,793	2,586,793	38.4
ADA Sedan Service	201,333	1,088,872	1,137,735	1,158,900	98.2	2,338,640	2,781,140	40.9
ADA Accessibility Support	64,434	393,875	318,503	328,266	97.0	787,840	787,840	40.4
Coastside ADA Support	93,382	466,008	502,583	533,079	94.3	1,215,320	1,275,320	39.4
Insurance Costs	30,594	169,985	213,232	214,580	99.4	515,000	515,000	41.4
<b>TOTAL ADA PROGRAMS</b>	<b>1,075,359</b>	<b>5,706,806</b>	<b>5,559,259</b>	<b>5,895,372</b>	<b>94.3</b>	<b>14,081,912</b>	<b>14,141,912</b>	<b>39.3</b>
<b>MULTIMODAL TRANSIT PROGRAMS</b>								
<b>CALTRAIN SERVICE</b>								
Peninsula Rail Service	1,239,703	7,843,369	7,843,369	7,843,369	100.0	16,521,290	16,521,290	47.5
<b>Total Caltrain Service</b>	<b>1,239,703</b>	<b>7,843,369</b>	<b>7,843,369</b>	<b>7,843,369</b>	<b>100.0</b>	<b>16,521,290</b>	<b>16,521,290</b>	<b>47.5</b>
<b>OTHER SUPPORT</b>								
Dumbarton Express Service	8,658	65,248	51,415	52,879	97.2	126,070	126,070	40.8
SamTrans Shuttle Service	156,713	816,365	912,814	791,960	115.3	1,902,905	1,902,905	48.0
SM/Caltrain Shuttles	111,148	575,864	590,082	607,085	97.2	1,457,005	1,457,005	40.5
Maintenance Multimodal Facilities	20,062	57,009	68,002	81,292	83.7	195,100	195,100	34.9
<b>Total Other Support</b>	<b>296,581</b>	<b>1,514,486</b>	<b>1,622,313</b>	<b>1,533,216</b>	<b>105.8</b>	<b>3,681,080</b>	<b>3,681,080</b>	<b>44.1</b>
<b>TOTAL MULTI-MODAL PROGRAMS</b>	<b>1,536,284</b>	<b>9,357,855</b>	<b>9,465,682</b>	<b>9,376,585</b>	<b>101.0</b>	<b>20,202,370</b>	<b>20,202,370</b>	<b>46.9</b>
<b>TOTAL EXPENSES</b>	<b>10,474,636</b>	<b>54,768,285</b>	<b>54,054,210</b>	<b>57,718,013</b>	<b>93.7</b>	<b>136,427,741</b>	<b>136,427,741</b>	<b>39.6</b>

% OF YEAR ELAPSED" provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% REV BUDGET" column, please note that individual line items reflect variations due to seasonal activities during the year

### SAN MATEO COUNTY TRANSIT DISTRICT ADA PROGRAM MONTHLY EXPENSES - BUDGET VS ACTUAL FISCAL YEAR 2010

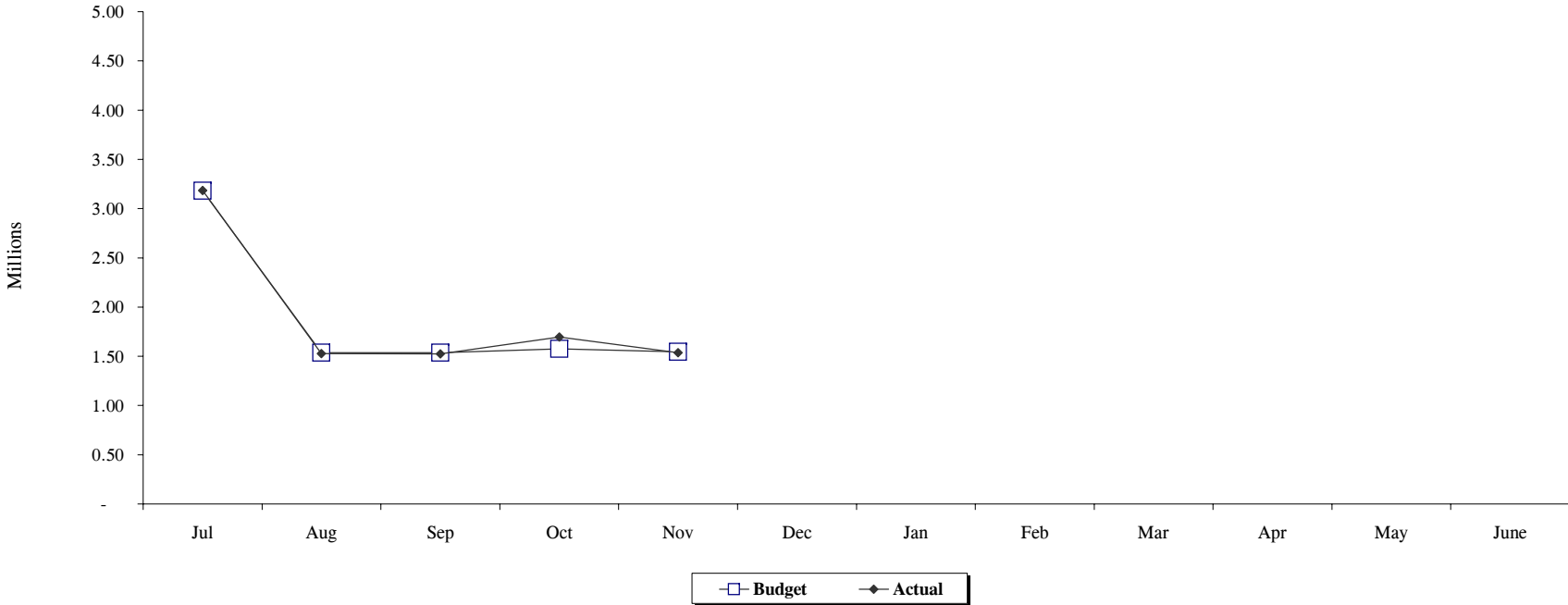


	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<b>MONTHLY EXPENSES</b>												
Budget	1,181,355	1,172,595	1,172,596	1,188,757	1,180,069							
Actual	1,103,689	1,102,328	1,114,317	1,163,566	1,075,359							
<b>CUMULATIVE EXPENSES</b>												
Budget	1,181,355	2,353,950	3,526,546	4,715,303	5,895,372							
Actual	1,103,689	2,206,017	3,320,334	4,483,900	5,559,259							
Variance - F(U)	77,666	147,933	206,212	231,403	336,113							
Variance %	6.57%	6.28%	5.85%	4.91%	5.70%							

## SAN MATEO COUNTY TRANSIT DISTRICT

### MULTIMODAL MONTHLY EXPENSES - BUDGET VS ACTUAL

### FISCAL YEAR 2010

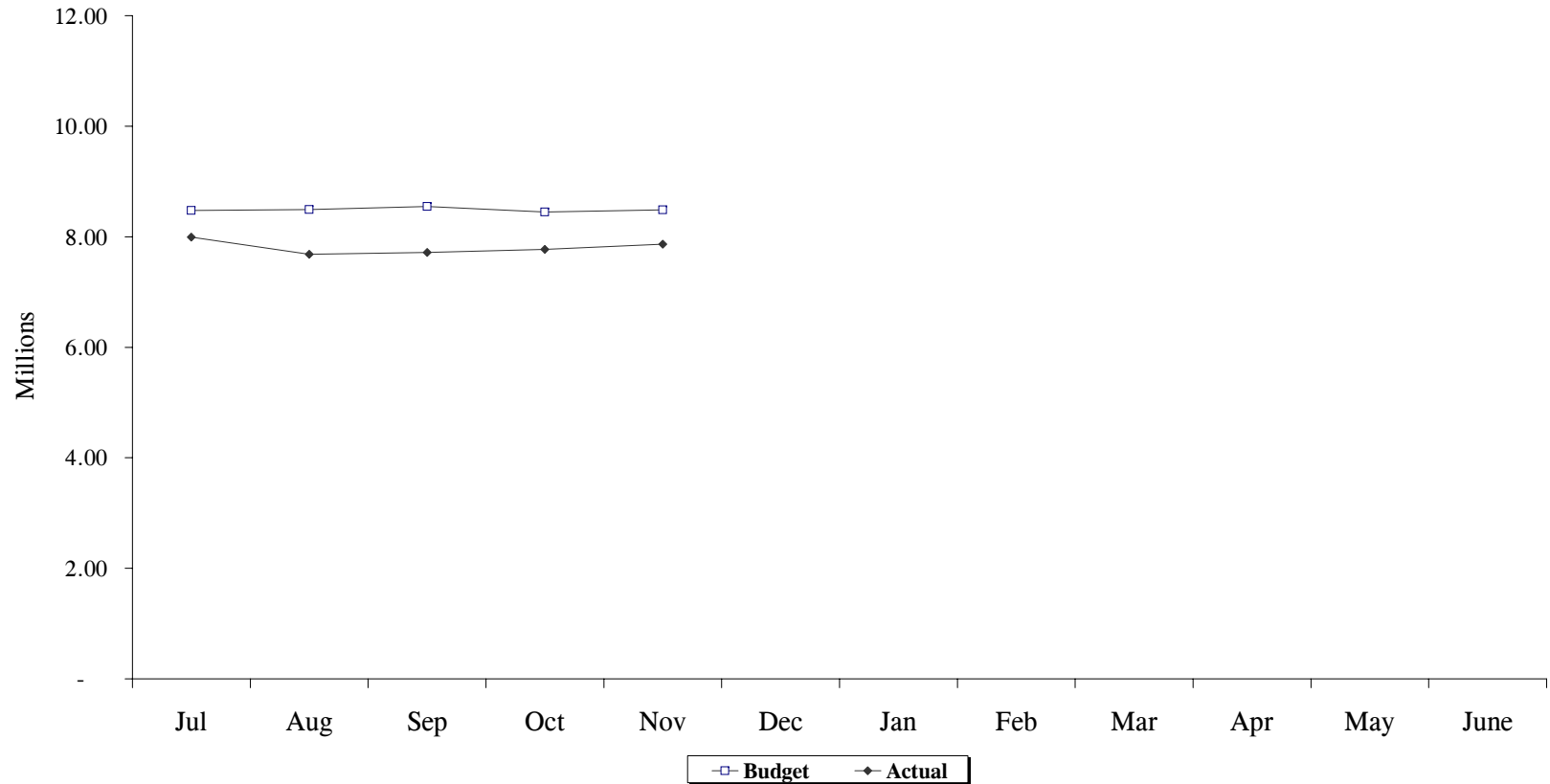


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<b>MONTHLY EXPENSES</b>												
Budget	3,181,130	1,536,627	1,536,275	1,576,276	1,546,277							
Actual	3,183,019	1,526,868	1,524,459	1,695,052	1,536,284							
<b>CUMULATIVE EXPENSES</b>												
Budget	3,181,130	4,717,757	6,254,032	7,830,308	9,376,585							
Actual	3,183,019	4,709,887	6,234,346	7,929,398	9,465,682							
Variance - F(U)	(1,889)	7,870	19,686	(99,090)	(89,097)							
Variance %	-0.06%	0.17%	0.31%	-1.27%	-0.95%							

## SAN MATEO COUNTY TRANSIT DISTRICT

### MOTOR BUS MONTHLY EXPENSES - BUDGET VS ACTUAL

#### FISCAL YEAR 2010



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
<b>MONTHLY EXPENSES</b>													
<b>Budget</b>	8,473,981	8,493,157	8,547,372	8,448,278	8,483,268								
<b>Actual</b>	7,995,340	7,681,837	7,717,629	7,771,470	7,862,993								
<b>CUMULATIVE EXPENSES</b>													
<b>Budget</b>	8,473,981	16,967,138	25,514,510	33,962,788	42,446,056								
<b>Actual</b>	7,995,340	15,677,177	23,394,806	31,166,276	39,029,269								
<b>Variance - F(U)</b>	478,641	1,289,961	2,119,704	2,796,512	3,416,787								
<b>Variance %</b>	5.65%	7.60%	8.31%	8.23%	8.05%								

**SAN MATEO COUNTY TRANSIT DISTRICT  
SUMMARY OF BUDGET ACTIVITY FOR NOVEMBER 2009**

**BUDGET AMENDMENT**

Amount	Line Item	Description
Nov-09		No Budget Amendments in November 2009.
<u>\$ -</u>		

**BUDGET REVISIONS**

Amount	Line Item	Description
Nov-09		No Budget Revision in November 2009.
<u>\$ -</u>	Total	<u>\$ -</u>

SAN MATEO COUNTY TRANSIT DISTRICT  
1/2 CENT SALES TAX RECEIPTS AND PROJECTIONS  
FY2009 & FY2010  
NOVEMBER 2009

12/22/09 12:52 PM

Approved Budget		Receipts		Over/(Under) Budget/Projection	Current Projection																														
Date	Amount	Date	Amount																																
<b>FY2009:</b>																																			
1st Quarter	16,383,000	1st Quarter	17,259,319	876,319	17,259,319																														
2nd Quarter	17,387,000	2nd Quarter	15,980,382	(1,406,618)	15,980,382																														
3rd Quarter	15,217,000	3rd Quarter	12,936,160	(2,280,840)	12,936,160																														
4th Quarter	16,383,000	4th Quarter	13,839,594	(2,543,406)	13,839,594																														
<b>FY2009 Total</b>	<b>65,370,000</b>	<b>FY2009 Total</b>	<b>60,015,455</b>	<b>(5,354,545)</b>	<b>60,015,455</b>																														
<b>FY2010</b>																																			
Jul. 09	4,260,000	Sep. 09	4,205,800	(54,200)	4,205,800																														
Aug. 09	4,260,000	Oct. 09	4,342,900	82,900	4,342,900																														
Sep. 09	5,721,000	Nov. 09	4,673,100	(1,047,900)	4,673,100																														
1st Qtr. Adjustment	1,314,000	Dec. 09		233,275	1,547,275 (1)																														
3 Months Total	15,555,000		13,221,800	(785,925)	14,769,075																														
Oct. 09	4,560,000	Dec. 09		0	4,560,000 (1)																														
Nov. 09	4,560,000	Jan. 10		0	4,560,000 (1)																														
Dec. 09	5,967,000	Feb. 10		0	5,967,000																														
2nd Qtr. Adjustment	1,405,000	Mar. 10		261,975	1,666,975 (1) Oct & Nov Portion																														
6 Months Total	32,047,000		13,221,800	(523,950)	31,523,050																														
Jan. 10	3,970,000	Mar. 10		0	3,970,000																														
Feb. 10	3,970,000	Apr. 10		0	3,970,000																														
Mar. 10	5,207,000	May 10		0	5,207,000																														
3rd Qtr. Adjustment	1,325,000	Jun. 10		261,975	1,586,975																														
9 Months Total	46,519,000		13,221,800	(261,975)	46,257,025																														
Apr. 10	4,297,000	Jun. 10		0	4,297,000																														
May 10	4,297,000	Jul. 10		0	4,297,000																														
Jun. 10	5,650,000	Aug. 10		0	5,650,000																														
4th Qtr. Adjustment	1,453,300	Sep. 10		261,975	1,715,275																														
<b>FY2010 Total</b>	<b>62,216,300</b>	<b>FY2010 Total</b>	<b>13,221,800</b>	<b>0</b>	<b>62,216,300</b>																														
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 15%;">14,769,075</td> <td style="width: 15%;">1st Quarter</td> <td colspan="3"></td> </tr> <tr> <td></td> <td>10,231,317</td> <td>2nd Quarter</td> <td colspan="3"></td> </tr> <tr> <td></td> <td></td> <td>3rd Quarter</td> <td colspan="3"></td> </tr> <tr> <td></td> <td></td> <td>4th Quarter</td> <td colspan="3"></td> </tr> <tr> <td></td> <td><u>25,000,392</u></td> <td>YTD Actual Per Statement of Revenues &amp; Expenses</td> <td colspan="3"></td> </tr> </table>							14,769,075	1st Quarter					10,231,317	2nd Quarter						3rd Quarter						4th Quarter					<u>25,000,392</u>	YTD Actual Per Statement of Revenues & Expenses			
	14,769,075	1st Quarter																																	
	10,231,317	2nd Quarter																																	
		3rd Quarter																																	
		4th Quarter																																	
	<u>25,000,392</u>	YTD Actual Per Statement of Revenues & Expenses																																	

(1) Accrued

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

TO: Finance Committee

THROUGH: Michael J. Scanlon  
General Manager/CEO

FROM: Gigi Harrington  
Deputy CEO

SUBJECT: **APPROVAL OF SALARY ORDINANCE NO. 92**

**ACTION**

Staff proposes that the Committee recommend Board approval of Salary Ordinance No. 92 (attached).

**SIGNIFICANCE**

Salary Ordinance No. 92 encompasses changes made to positions, position classifications and titles in Fiscal Year 2009. It also includes changes resulting from the comprehensive reorganization of the District in FY2010, as well as major service reductions and related reduction in force. It reflects the adjustment to the salary ranges recommended by the Hay Group, consistent with the District's compensation and benefits philosophy, as a means of maintaining the District's goal of being an employer of choice in the Bay Area. The District's total full-time and part-time positions will decrease from 765 to 710.

**BUDGET IMPACT**

Due to the administrative employee wage freeze and the reduction in force, no increase to the budget is required. Funds to reflect the changes were included in the operating and capital budget adjustments. The Peninsula Corridor Joint Powers Board and the San Mateo County Transportation Authority are required to reimburse the District for all expenses associated with positions required to carry out the missions of the JPB and the TA. Of the 710 positions, approximately 132 are funded by the District's Capital Budget and/or the JPB's and/or the Transportation Authority's Operating and Capital budgets.

**BACKGROUND**

The General Manager/CEO carefully reviewed the management structure of the District and determined that reorganization was required. The reorganization began in July and was completely implemented in October.

In December, the District implemented service reductions in response to the budget gap, which resulted in the need for 43 fewer Bus Operators. Additional cost savings efforts also were applied. The administrative (nonunion) staff incurred a wage freeze and a reduction in force that included employee layoffs, the elimination of vacant positions and the unfunding of positions.

In order to attract and retain a highly skilled and motivated workforce to carry out the programs of SamTrans, the JPB and the TA, the District continually reviews compensation for comparable positions in the Bay Area employment market and adjusts positions, classifications, titles and compensation. The comprehensive compensation study completed last year recommended that the District adjust the salary ranges annually to ensure that the District remains competitive within the marketplace.

Prepared by: Monica Colondres, Director, Human Resources

650-508-6233



**ORDINANCE NO. 92**

**BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSIT DISTRICT  
STATE OF CALIFORNIA**

\*\*\*\*

**AUTHORIZATION TO EFFECT RECLASSIFICATIONS,  
TITLE CHANGES AND MODIFICATION OF POSITIONS  
IN THE DISTRICT'S TABLE OF POSITION CLASSIFICATIONS**

**WHEREAS,** the General Manager/CEO, pursuant to the authority previously conferred by the Board of Directors, has implemented position reclassifications, changed titles and changed positions in the San Mateo County Transit District's Table of Position Classifications, which he deemed necessary for the District to remain competitive as an employer in the Bay Area and to organize and manage effectively the transit needs of the public within the parameters of the District's Operating and Capital Budgets; and

**WHEREAS,** the General Manager/CEO has determined that a reorganization of the District is required and reclassifications required to implement the reorganization are incorporated herein; and

**WHEREAS,** the reduced levels of staffing and service have been reviewed by the Board of Directors and a reduction in force implemented and the related changes incorporated herein; and

**WHEREAS,** the District is currently engaged in collective bargaining to establish initial agreements with the ATU, Local 1574 for the Customer Service Unit and with the International Brotherhood of Teamsters, Local 856 for the Transportation Supervision Unit and the Bus Contracts Inspector Unit; and

**WHEREAS**, consistent with Ordinance 91 enacted by the Board of Directors on July 30, 2008, approving the compensation and benefits philosophy recommended by the Hay Group upon completion of a comprehensive compensation study and adopting a new pay structure, the salary schedule for FY10 has been adjusted to maintain external competitiveness is included in the revised Table of Position Classifications attached hereto and incorporated herein as Exhibit "A" it being understood that employee salaries will not increase due to the ongoing salary freeze; and

**WHEREAS**, the number of full-time and part-time positions has been reduced by 55, from 765 to 710 so as to efficiently and effectively implement the programs of the District, the Peninsula Corridor Joint Powers Board and the San Mateo County Transportation Authority; and

**WHEREAS**, the Peninsula Corridor Joint Powers Board and the San Mateo County Transportation Authority are obligated to reimburse the District for all expenses associated with positions required to carry out the missions of the Joint Powers Board and the Transportation Authority; and

**WHEREAS**, the Board of Directors in June, 2000, granted the General Manager/CEO the power, authority and discretion to implement and administer the Ordinance and subsequent amendments thereto within the overall constraints of the annual operating and capital budgets adopted by the Board of Directors and within the salary ranges approved by the Board of Directors; and

**WHEREAS**, the General Manager/CEO's actions are reflected in the revised District's Table of Position Classifications attached hereto and incorporated herein as Exhibit "A."

**NOW, THEREFORE, BE IT ORDAINED** that the revised Table of Position Classifications hereinabove identified is hereby approved and will become effective on January 17, 2010.

Regularly passed and adopted this 13<sup>th</sup> day of January, 2010, by the following vote:

AYES:

NOES:

ABSENT:

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Chair, San Mateo County Transit District

ATTEST:

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District Secretary

**Table of Position Classifications, (Ord 92 effective 1/17/10)**

Exhibit "A"

Job Title	Authorized Positions	FTE <sup>(a)</sup> Offloads	Class	Salary Range
Distribution Clerk	2		10	32,487 – 50,435
Revenue Collection Clerk	3		10	32,487 – 50,435
Accounting Assistant	2		11	37,674 – 58,489
Accounts Payable Specialist	1		11	37,674 – 58,489
Information Coordinator	1	1	11	37,674 – 58,489
Office Technician	4		11	37,674 – 58,489
Pass Sales Assistant	1	1	11	37,674 – 58,489
Payroll Specialist	1		11	37,674 – 58,489
Scheduling Aide	1		11	37,674 – 58,489
Secretary	10	7	11	37,674 – 58,489
Accounting Specialist	2	2	12	44,079 – 68,432
Accounting Technician**	4	1	12	44,079 – 68,432
Customer Relations Specialist	2		12	44,079 – 68,432
Data Technician (Bus Transportation)	1		12	44,079 – 68,432
Data Technician (Maintenance)	1		12	44,079 – 68,432
Data Technician (Operations)	1		12	44,079 – 68,432
Data Technician (Rail Services)	1	1	12	44,079 – 68,432
Executive Assistant	4		12	44,079 – 68,432
Facilities Technician	4		12	44,079 – 68,432
Pass Sales Specialist	1		12	44,079 – 68,432
Personnel Specialist	4		12	44,079 – 68,432
Records Administrator	1	1	12	44,079 – 68,432
Risk Management Specialist	1		12	44,079 – 68,432
Accessibility Specialist	1		13	47,825 – 72,895
Community Outreach Specialist	1	1	13	47,825 – 72,895
Construction Outreach Specialist	1	1	13	47,825 – 72,895
Graphic Designer	1		13	47,825 – 72,895
Senior Accounting Specialist	1	1	13	47,825 – 72,895
Senior Payroll Specialist	1		13	47,825 – 72,895
Supervisor, Distribution	1		13	47,825 – 72,895
Associate Contract Officer	1		14	51,572 – 77,358
Buyer	1		14	51,572 – 77,358
CAD Operator	1	1	14	51,572 – 77,358
Capital Program Specialist	1	1	14	51,572 – 77,358
Labor Compliance Specialist	1	1	14	51,572 – 77,358
Real Estate Specialist	1	1	14	51,572 – 77,358
Scheduler	1		14	51,572 – 77,358
Schedules Analyst	1		14	51,572 – 77,358
Senior Executive Assistant	1		14	51,572 – 77,358
Staffing Coordinator	1		14	51,572 – 77,358
Stores Coordinator	1		14	51,572 – 77,358
Supervisor, Revenue Collection	1		14	51,572 – 77,358
Utility Maintenance Supervisor	2		14	51,572 – 77,358
Warranty Administrator	1		14	51,572 – 77,358
Assistant District Secretary	2	2	15	55,956 – 83,933
Claims Administrator	1	1	15	55,956 – 83,933
Instructor	2		15	55,956 – 83,933

**Table of Position Classifications, (Ord 92 effective 1/17/10)**

Exhibit "A"

Job Title	Authorized Positions	FTE <sup>(a)</sup> Offloads	Class	Salary Range
Market Research Specialist	1	1	15	55,956 – 83,933
Marketing Specialist	2	1	15	55,956 – 83,933
Public Information Specialist	1	1	15	55,956 – 83,933
Supervisor, Customer Service	1		15	55,956 – 83,933
Accessibility Coordinator	1		16	60,339 – 90,509
Accountant	7	5	16	60,339 – 90,509
Administrative Accountant	1		16	60,339 – 90,509
Associate Operations Contract Administrator	1	1	16	60,339 – 90,509
Associate Operations Contract Administrator (Bus)	1		16	60,339 – 90,509
Associate Operations Contract Administrator (Facilities)	1		16	60,339 – 90,509
Associate Operations Contract Administrator (Shuttles)	1	1	16	60,339 – 90,509
Facilities Contract Administrator	1		16	60,339 – 90,509
Information Technology Analyst**	3		16	60,339 – 90,509
Maintenance Instructor**	2		16	60,339 – 90,509
Maintenance Supervisor	7		16	60,339 – 90,509
Senior Recruitment Officer	1		16	60,339 – 90,509
Supervisor, Facilities Maintenance	1		16	60,339 – 90,509
Systems and Business Analyst	1		16	60,339 – 90,509
Construction Manager	1	1	17	65,770 – 96,875
Contract Officer	8	8	17	65,770 – 96,875
Engineering Contract Administrator	1	1	17	65,770 – 96,875
Rail Contracts Administrator	1	1	17	65,770 – 96,875
Rail Safety Officer, Construction and Engineering	1	1	17	65,770 – 96,875
Real Estate Officer	1	1	17	65,770 – 96,875
Senior Information Technology Analyst	2		17	65,770 – 96,875
Senior Instructor	1		17	65,770 – 96,875
Supervisor, Sales	1	1	17	65,770 – 96,875
Assistant Superintendent, Bus Maintenance	2		18	71,200 – 103,240
Assistant Superintendent, Bus Transportation	2		18	71,200 – 103,240
Associate Manager, Rail Equipment**	1	1	18	71,200 – 103,240
Bus Maintenance Contract Administrator	1		18	71,200 – 103,240
Database Administrator	2		18	71,200 – 103,240
DBE Officer	1	1	18	71,200 – 103,240
Employee Programs and Development Officer	1		18	71,200 – 103,240
Employee Relations Officer	1		18	71,200 – 103,240
Engineer	3	3	18	71,200 – 103,240
Government Affairs Officer	1	1	18	71,200 – 103,240
Labor Compliance Officer	1	1	18	71,200 – 103,240
Manager, Stations and Parking	1	1	18	71,200 – 103,240
Network Administrator	3	1	18	71,200 – 103,240
Operations Technology Administrator	1		18	71,200 – 103,240
Rail Contract Cost Administrator	1	1	18	71,200 – 103,240
Safety Officer	1		18	71,200 – 103,240
Senior Accountant**	6	4	18	71,200 – 103,240
Senior Budget Analyst	5	2	18	71,200 – 103,240
Senior Grants Analyst	2	2	18	71,200 – 103,240
Senior Planner	6	5	18	71,200 – 103,240

**Table of Position Classifications, (Ord 92 effective 1/17/10)**

Exhibit "A"

Job Title	Authorized Positions	FTE <sup>(a)</sup> Offloads	Class	Salary Range
Senior Programmer Analyst	1	1	18	71,200 – 103,240
Senior Systems Accountant	1		18	71,200 – 103,240
Superintendent, Materials and Inventory Control	1		18	71,200 – 103,240
Manager, Accessible Transit Services	1		19	84,016 – 121,824
Manager, Bus Contracts	1		19	84,016 – 121,824
Manager, Customer Service	1		19	84,016 – 121,824
Manager, Operations Technology**	1		19	84,016 – 121,824
Manager, Personnel Operations	1		19	84,016 – 121,824
Manager, Quality Assurance and Management Analysis**	1		19	84,016 – 121,824
Manager, Rail Operations	1	1	19	84,016 – 121,824
Manager, Standards and Procedures	1	1	19	84,016 – 121,824
Manager, Transit Operations Training	1		19	84,016 – 121,824
Project Manager* ,**	5	5	19	84,016 – 121,824
Public Information Officer	1	1	19	84,016 – 121,824
Senior Contract Officer	3	2	19	84,016 – 121,824
Senior Engineer**	5	5	19	84,016 – 121,824
Senior Operations Financial Analyst	1		19	84,016 – 121,824
Senior Project Controls Engineer	1	1	19	84,016 – 121,824
Senior Real Estate Officer	1	1	19	84,016 – 121,824
Senior Systems Software Analyst*	2		19	84,016 – 121,824
Superintendent, Bus Maintenance	2		19	84,016 – 121,824
Superintendent, Bus Transportation	2		19	84,016 – 121,824
Superintendent, Maintenance Technical Services	1		19	84,016 – 121,824
Supervising Safety Officer-Rail	1	1	19	84,016 – 121,824
Systems Engineering Contract Administrator	1	1	19	84,016 – 121,824
Chief Engineer, Track and Structures	1	1	20	91,578 – 132,787
Chief of Protective Services	1	1	20	91,578 – 132,787
District Secretary	1		20	91,578 – 132,787
Manager, Budgets	2	1	20	91,578 – 132,787
Manager, Capital Project Planning	1	1	20	91,578 – 132,787
Manager, Community Relations	1	1	20	91,578 – 132,787
Manager, Engineering	4	4	20	91,578 – 132,787
Manager, Finance Special Projects	1		20	91,578 – 132,787
Manager, Finance Treasury	1		20	91,578 – 132,787
Manager, General Ledger	1		20	91,578 – 132,787
Manager, Government Affairs	1	1	20	91,578 – 132,787
Manager, Grant and Capital Accounting	1	1	20	91,578 – 132,787
Manager, Grants and Fund Programming	1	1	20	91,578 – 132,787
Manager, Information Technology Operations	1		20	91,578 – 132,787
Manager, Maintenance of Way	1	1	20	91,578 – 132,787
Manager, Maintenance Rail Equipment	1	1	20	91,578 – 132,787
Manager, Marketing	1		20	91,578 – 132,787
Manager, Operations Planning	1		20	91,578 – 132,787
Manager, Payroll	1		20	91,578 – 132,787
Manager, Planning and Research	1	1	20	91,578 – 132,787
Manager, Programming and Monitoring	1	1	20	91,578 – 132,787
Manager, Project Controls	1	1	20	91,578 – 132,787

**Table of Position Classifications, (Ord 92 effective 1/17/10)**

Exhibit "A"

Job Title	Authorized Positions	FTE <sup>(a)</sup> Offloads	Class	Salary Range
Manager, Real Estate and Property Development	1	1	20	91,578 – 132,787
Manager, Software Systems Development	1		20	91,578 – 132,787
Manager, Strategic Development	1	1	20	91,578 – 132,787
Manager, Technology Research and Development	1	1	20	91,578 – 132,787
Manager, TVM Program	1	1	20	91,578 – 132,787
Program Manager	1	1	20	91,578 – 132,787
Program Mgr, Engineering and Construction Administration	1	1	20	91,578 – 132,787
Senior Project Manager*	1	1	20	91,578 – 132,787
Deputy Director, Engineering Support	1	1	21	99,820 – 144,739
Deputy Director, Rail Contracts Administration	1	1	21	99,820 – 144,739
Deputy Director, Sustainability	1	1	21	99,820 – 144,739
Director, Contracts and Procurement	1		21	99,820 – 144,739
Director, Risk Management**	1		21	99,820 – 144,739
Manager, Employee Relations and Civil Rights	1		21	99,820 – 144,739
Program Manager, Construction Services	1	1	21	99,820 – 144,739
Director of Finance	1		22	109,802 – 159,213
Director, Budgets and Grants	1	1	22	109,802 – 159,213
Director, Bus Transportation	1		22	109,802 – 159,213
Director, Human Resources	1		22	109,802 – 159,213
Director, Information Technology and Telecommunications	1	1	22	109,802 – 159,213
Director, Maintenance	1		22	109,802 – 159,213
Director, Rail Transportation	1	1	22	109,802 – 159,213
Director, Transportation Authority Program	1	1	22	109,802 – 159,213
Executive Officer, Customer Service and Marketing	1		24	135,538 – 196,531
Executive Officer, Planning and Development	1	1	24	135,538 – 196,531
Executive Officer, Public Affairs	1		24	135,538 – 196,531
Peninsula Rail Program Director	1	1	24	135,538 – 196,531
Deputy CEO	2		26	169,967 – 246,025

**Table of Position Classifications, (Ord 92 effective 1/17/10)**

Exhibit "A"

Job Title	Authorized Positions	FTE <sup>(a)</sup> Offloads	Class	Salary Range
Bus Contracts Inspector	2			(c)
Bus Operator (full-time/part-time)	272-310(b)			(c)
Bus Transportation Supervisor	14			(c)
Customer Relations Specialist	2	2		(c)
Customer Service Representative (extra help)	as needed			(c)
Customer Service Representative (full-time)	11			(c)
Dispatcher	4			(c)
Mechanic "A"	32	1		(c)
Mechanic "B"	21	4		(c)
Mechanic "C"	8			(c)
Radio Controller	3			(c)
Receptionist	1			(c)
Storeskeeper	7			(c)
Utility Worker	29			(c)
Bus Operator Trainee	as needed			\$13.00 hour

\*Market conditions require that certain positions be regarded as highly competitive to attract employees and must be provided a level of compensation reflective of the competitiveness of the marketplace (i.e. engineering, technical positions).

\*\*Position has been frozen for FY2010. Where there are multiple positions under one job title, one of the positions is frozen, except in the case of the Senior Engineer, in which case two positions are frozen.

- (a) The majority of expenses associated with 132 positions are 50% or more funded in the District's Capital Budget and/or JPB's and TA's Operating and Capital Budgets.
- (b) Part-time operators not to exceed 15 percent of the total number of operators, including part-time operators, in accordance with the current Collective Bargaining Agreement. Actual size of Operator workforce varies within range, limited by the amount of wages and benefits in the budget (272) approved by the Board.
- (c) Wages established in accordance with the Collective Bargaining Agreement.



**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

TO: Finance Committee

THROUGH: Michael J. Scanlon  
General Manager/CEO

FROM: Gigi Harrington  
Deputy CEO

SUBJECT: **AUTHORIZATION TO ENTER INTO A FUNDING AGREEMENT WITH THE METROPOLITAN TRANSPORTATION COMMISSION FOR NEW FREEDOM FUNDS IN THE AMOUNT OF \$200,000**

**ACTION**

Staff proposes that the Committee recommend the Board authorize the General Manager/CEO, or his designee, to enter into a funding agreement with the Metropolitan Transportation Commission (MTC) to receive a total of \$200,000 in MTC Cycle 3 Federal New Freedom Program funds for the Peninsula Rides Implementation and Development Activities project.

**SIGNIFICANCE**

The MTC has awarded the San Mateo County Transit District (District) \$200,000 for the Peninsula Rides Implementation and Development Activities project. The project will implement mobility management services that were developed with funding support from previous cycles of the New Freedom Program.

The Peninsula Rides Implementation and Development Activities project will improve the mobility of seniors and people with disabilities in San Mateo County and bridge the gap between Americans with Disabilities Act (ADA) paratransit, conventional transit and existing private transportation services. Specific activities that will be funded through this grant award include:

- Continuation and expansion of the Mobility Ambassador Program
- Implementation of a one-year Vehicle Sharing demonstration program
- Updating, translating to accessible formats, reprinting and distributing the Senior Mobility Guide for San Mateo County
- Updating the Countywide Inventory of Transportation Services
- Assessing how to coordinate an Information & Assistance network of call centers
- Assisting the Family Service Agency in marketing the Transportation Reimbursement for Independence Program (TRIP) Volunteer Driver Program
- Educating and promoting the development of volunteer driver programs in San Mateo County

This project implements recommended strategies from the District's Senior Mobility Action Plan and is consistent with the San Francisco Bay Area's Coordinated Public Transit – Human Services Transportation Plan.

**BUDGET IMPACT**

The total project cost of the Peninsula Rides Implementation and Development Activities project is \$317,114. The \$200,000 in New Freedom grant funds will be matched with \$90,860 in in-kind staff support and \$26,254 in volunteer time for the Mobility Ambassador Program. The \$90,860 in in-kind staff support will come from already budgeted funds in Fiscal Year 2010 and funds to be included for budget consideration in Fiscal Year 2011.

**BACKGROUND**

The Federal Transit Administration (FTA) Section 5317 New Freedom Program provides funding for new services and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the ADA. The MTC is the designated recipient of New Freedom Program funds in the San Francisco Bay Area and is responsible for programming funds to transit operators and other entities for eligible operating and capital projects.

In February and September 2008, MTC programmed \$147,200 and \$177,857, respectively, in New Freedom funds to the District to initiate the development of activities and implementation of the Peninsula Rides project. In October 2009, MTC awarded \$200,000 in a third round of New Freedom Program funding to continue the implementation of activities with the Peninsula Rides Implementation and Development Activities project.

Prepared by: Suna Mullins, Administrator, Capital Programs and Grants 650-508-6490  
Project Manager: Corinne Goodrich, Manager, Strategic Development 650-508-6369

**RESOLUTION NO. 2010-**

**BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSIT DISTRICT  
STATE OF CALIFORNIA**

**\*\*\***

**AUTHORIZING ENTERING INTO A FUNDING AGREEMENT WITH THE  
METROPOLITAN TRANSPORTATION COMMISSION FOR FEDERAL NEW  
FREEDOM FUNDS, IN A TOTAL AMOUNT OF \$200,000, FOR THE SUPPORT OF  
THE PENINSULA RIDES IMPLEMENTATION AND  
DEVELOPMENT ACTIVITIES PROJECT**

**WHEREAS**, the United States Code Title 49 Section 5317 (49 U.S.C. 5317) authorizes and sets forth the provisions for the Federal New Freedom Program, which makes grants to recipients for addressing the transportation needs for disabled persons through the provision of new services and facility improvements that go beyond those required by the Americans with Disabilities Act; and

**WHEREAS**, the Metropolitan Transportation Commission (MTC) is the designated recipient of Federal New Freedom Program funding apportionments for the San Francisco Bay Area; and

**WHEREAS**, the MTC has awarded \$200,000 of Federal New Freedom Funds to the San Mateo County Transit District as the sub-recipient for the Peninsula Rides Implementation and Development Activities project; and

**WHEREAS**, said grant funds will be matched with \$90,860 of in-kind staff support that is either already included as part of the Fiscal Year 2010 Operating Budget or will be included for consideration in the Fiscal Year 2011 Operating Budget, as well as \$26,254 in volunteer time for the Mobility Ambassador Program; and

**WHEREAS**, staff recommends authorization to execute a Funding Agreement with the MTC and to submit any other documentation required to receive the Federal funds.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the San Mateo County Transit District hereby authorizes:

1. The General Manager/CEO, or his designee, to execute a Funding Agreement with MTC, and provide any other documentation as required by the MTC, to receive \$200,000 in New Freedom Program funds for the Peninsula Rides Implementation and Development Activities project; and
2. The General Manager/CEO, or his designee, to take such actions as may be necessary to give effect to the Resolution.

Regularly passed and adopted this 13<sup>th</sup> day of January, 2010, by the following vote:

AYES:

NOES:

ABSENT:

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Chair, San Mateo County Transit District

ATTEST:

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District Secretary

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

TO: Finance Committee

THROUGH: Michael J. Scanlon  
General Manager/CEO

FROM: Gigi Harrington  
Deputy CEO

SUBJECT: **AUTHORIZATION OF AMENDMENT OF FISCAL YEAR 2010  
OPERATING BUDGET**

**ACTION**

Staff proposes that the Finance Committee recommend that the Board adopt a resolution authorizing an amendment to decrease the Fiscal Year 2010 Operating Budget by \$2,251,452, for a new total Operating Budget of \$134,273,623 (See Attachment A). This amendment reflects various adjustments since the last adoption, primarily due to the service changes approved in September.

**Sources of Funds:**

- Decrease of \$600,000 in Passenger Fares based on year-to-date actual receipts
- Net increase of \$482,825 in State Transit Assistance (STA) funds from the Metropolitan Transportation Commission (MTC)
- Increase of \$1,767,327 in Passthrough to Other Agencies from Advanced Zero-Emission Bus (ZEB) Demonstration Program, and Lifeline Transportation Program
- Decrease of \$300,000 from Measure A
- Decrease of \$30,000 from AB434
- Decrease of \$4,297,984 from the Use of Reserves
- Increase of \$726,380 from Advertising Income and Employer Shuttle Funds

**Uses of Funds:**

- Decrease of \$4,435,334 in Motor Bus as a result of service reductions and layoffs
- Decrease of \$466,570 in ADA Programs
- Increase of \$883,125 in Other MultiModal Programs
- Increase of \$1,767,327 in Passthrough to Other Agencies corresponding to the increase in sources of funds.

## **SIGNIFICANCE**

### ***OPERATING REVENUES:***

#### **Passenger Fares: Decrease of \$600,000**

Through the end of October 2009, the District has seen a drop in fare revenue of \$600,000 compared to forecasted revenues. The projected decrease in fare revenue due to service changes implemented in December will be offset by an estimated increase in revenues from the fare increase planned for February 2010.

#### **Local TDA and STA Funds: Increase of \$482,825.**

Since the adoption of the FY2010 Operating Budget, STA funding has increased by \$0.5 million due to a revised estimate from Metropolitan Transportation Commission. Due to the California State budget crisis, STA funding is not available in FY2010. In order to compensate for that loss of funding, MTC has programmed \$266,510 in STA Augmentation (Prop 1B) reserve funds for Motor Bus and \$211,315 for Paratransit. An additional \$5,000 in STA funding for Lifeline Transportation Program also is included.

#### **Passthrough to Other Agencies: Increase of \$1,767,327.**

The City/County Association of Governments (C/CAG) has signed a Memorandum of Understanding (MOU) with SamTrans to passthrough Proposition 1B funds from the Public Transportation Modernization, Improvement and Service Enhancement Account Program (PTMISEA) for \$509,072, as well as \$167,028 in STA funds.

The District will transfer \$1,091,227 to AC Transit to assist with the procurement of 12 fuel cell buses for the Advanced ZEB Demonstration project, and in return the District will be allowed to operate the vehicles for demonstration purposes. These funds were added to the operating budget in FY2009 but need to be re-budgeted because the invoice from AC Transit was received in FY2010.

#### **Measure A: Decrease of \$300,000.**

Measure A ½-cent sales tax has been adjusted to reflect total payment from the Transportation Authority. Four percent of Total Sales Tax received is designated for Paratransit and 8 percent of Total Sales Tax is designated for San Mateo County's share of the Peninsula Corridor Joint Powers Board (JPB) member agency contribution.

#### **AB434 Funds: Decrease of \$30,000.**

SamTrans Shuttle Program is funded by AB434 - Transportation Fund for Clean Air (TFCA) grant through City/County Association of Governments (CCAG). Approved TFCA Funds allocated by C/CAG is \$570,000. The original estimate in the budget was \$600,000.

#### **Reserves: Decrease of \$4,297,984.**

The use of reserves is projected to decrease by \$4,297,984 as a result of an ongoing effort to reduce the District's budget deficit which includes service and staffing reductions.

#### **Other Interest, Rent & Other Income: Increase of \$726,380.**

*Advertising Income: Increase of \$100,000.*

Bus Shelter Advertising Income was not part of the original budget.

Employer Share SM/Caltrain Shuttle: Increase of \$260,980.

The budget increase of \$260,980 is the local matching funds from the City of East Palo Alto related to the Job Access Reverse Commute (JARC shuttle).

Employer SamTrans Shuttle Funds: Increase of \$365,400.

The budget increase of \$365,400 is the local matching funds from Genentech to run the Gateway Express Shuttle Service from the Glen Park Station. The rate per hour went up from \$65 to \$90 to run this service.

**OPERATING EXPENSES:**

**DISTRICT MOTOR BUS: Decrease of \$4,435,334.**

**Wages and Benefits: Decrease of \$2,408,761.**

The budget decrease of \$2,408,761 is the result of service reductions, a wage freeze, furlough days and layoffs in an effort to reduce the District's budget deficit.

**Contracted Vehicle Maintenance: Increase of \$150,000.**

The District will transfer \$1,091,227 to AC Transit to assist with the procurement of 12 fuel cell buses for the Advanced ZEB Demonstration project, and in return the District will be allowed to operate the vehicles for demonstration purposes. In addition, the District will pay \$150,000 in maintenance costs during the term of the demonstration period.

**Professional Services: Decrease of \$124,153.**

The budget decrease of \$124,153 in professional services is the result of less than anticipated carryover amount in operating grants from the New Freedom Grant which is revenue neutral.

**Fuel: Decrease of \$1,544,350.**

As a result of volatility and uncertainty in fuel costs, the District implemented a fuel hedging program in FY2010 that will reduce the fuel expenses by approximately \$1.0 million. An additional budget reduction of \$544,350 is the result of service reductions implemented in December 2009.

**Bus Parts & Materials: Decrease of \$34,905.**

The use of Tires and Tubes is projected to decrease as a result of service reductions.

**Uniforms and Drivers Expense: Decrease of \$21,500.**

The Uniform and Drivers expense is projected to decrease by \$21,500 as a result of Bus Operator layoffs.

**Taxes and License Fees: Decrease of \$48,995.**

The Fuel Tax decrease of \$48,995 is reflective of lower budgeted fuel costs.

**Fixed Route Accessibility: Decrease of \$6,900.**

One percent of the new operating contract extension with MV Transportation covers Fixed-route Accessibility, accounting for decrease of \$6,900.

**CONTRACTED BUS SERVICE: Decrease of \$381,770.**

The budget decrease of \$381,770 from the Total Contracted Bus Service is also the result of service reduction with MV Transportation and layoffs.

**AMERICANS WITH DISABILITIES ACT PROGRAMS (ADA): Decrease of \$466,570.**

The budget decrease of \$466,570 from the Total ADA Programs is the result of reductions in the paratransit contract and layoffs.

**MULTIMODAL TRANSIT PROGRAMS: Increase of \$883,125.**

The SamTrans Shuttle increase of \$363,720 is funded by Genentech to operate the Gateway Express Service. This is revenue neutral.

The SM/Caltrain Shuttle increase of \$519,525 is the roll-over balance from the Job Access Reverse Commute (JARC) shuttle service. This corresponds to the increase in Operating Grant and Employer Share/Caltrain Shuttle from the City of East Palo Alto.

**BUDGET IMPACT**

The overall impact to the FY2010 Operating Budget is a decrease of \$4,297,984 from the use of Reserves.

**BACKGROUND**

The District annually adopts an Operating Budget. On June 10, 2009 the Board adopted the FY2010 budget in the amount of \$136,525,075 as per Board Resolution No. 2009-32. Staff is proposing to amend the budget for a new total of \$134,273,623.

Note that the format of the budget slightly differs from the monthly financial statement. **The transactions affected by changes are highlighted in blue font and the transactions that are revenue neutral are highlighted in green font.**

Prepared by: Gigi Harrington, Deputy CEO  
Éva Goode, Manager, Budgets

650-508-7950  
650-508-7914



**SAN MATEO COUNTY TRANSIT DISTRICT  
FY2010 REVISED OPERATING BUDGET**

Attachment A

	<u>FY2008 ACTUAL</u> A	<u>FY2009 ADOPTED</u> B	<u>FY2009 REVISED</u> C	<u>FY2010 ADJUSTED</u> D	<u>FY2010 REVISED</u> E	<u>FY10 REVISED Compared to FY10 ADJUSTED</u> Increase (Decrease) F= E-D	<u>BUDGET PERCENT CHANGE</u> G= F/D	
<b>SOURCES OF FUNDS:</b>								
<b>Operating Revenues</b>								
1 Passenger Fares	17,202,779	17,112,000	17,112,000	18,975,000	18,375,000	(600,000)	-3.2%	1
2 Local TDA and STA Funds	41,246,293	34,609,081	35,718,796	29,975,899	30,458,724	482,825	1.6%	2
3 Passthrough to Other Agencies	3,123,301	175,365	175,365	97,334	1,864,661	1,767,327	1815.7%	3
4 Operating Grants	1,735,053	2,045,723	7,925,717	4,429,071	4,429,071	0	0.0%	4
5 Measure A	3,680,746	6,611,824	6,611,824	8,897,724	8,597,724	(300,000)	-3.4%	5
6 AB434 Funds	576,000	576,000	576,000	600,000	570,000	(30,000)	-5.0%	6
7 <b>Subtotal - Operating Revenues</b>	<b>67,564,172</b>	<b>61,129,993</b>	<b>68,119,702</b>	<b>62,975,028</b>	<b>64,295,180</b>	<b>1,320,152</b>	<b>2.1%</b>	7
<b>Other Revenue Sources</b>								
8 District 1/2-Cent Sales Tax	68,666,621	65,370,000	65,370,000	62,216,300	62,216,300	0	0.0%	8
9 Investment Interest	(203,669)	779,890	779,890	671,920	671,920	0	0.0%	9
10 Reserves		10,068,191	6,059,696	9,141,981	4,843,997	(4,297,984)	-47.0%	10
11 Other Interest, Rent & Other Income	5,099,071	5,626,696	5,515,696	5,105,649	5,832,029	726,380	14.2%	11
12 <b>Subtotal - Other Revenues</b>	<b>73,562,022</b>	<b>81,844,777</b>	<b>77,725,282</b>	<b>77,135,850</b>	<b>73,564,246</b>	<b>(3,571,604)</b>	<b>-4.6%</b>	12
13								13
14								14
15 <b>Total Sources of Funds</b>	<b>141,126,194</b>	<b>142,974,770</b>	<b>145,844,984</b>	<b>140,110,878</b>	<b>137,859,426</b>	<b>(2,251,452)</b>	<b>-1.6%</b>	15
16								16
<b>USES OF FUNDS:</b>								
17 District Motor Bus	92,027,057	96,351,608	99,145,988	102,083,459	97,648,125	(4,435,334)	-4.3%	17
18 ADA Programs	12,680,753	13,793,581	13,869,415	14,141,912	13,675,342	(466,570)	-3.3%	18
19 Caltrain	16,040,087	16,521,290	16,521,290	16,521,290	16,521,290	0	0.0%	19
20 Other MultiModal Programs	3,710,514	4,602,175	4,602,175	3,681,080	4,564,205	883,125	24.0%	20
21 Passthrough to Other Agencies	3,123,301	175,365	175,365	97,334	1,864,661	1,767,327	1815.7%	21
22 Operating Contingency	0	500,000	500,000	0	0	0	#DIV/0!	22
23 <b>Subtotal - Operating Costs</b>	<b>127,581,712</b>	<b>131,944,019</b>	<b>134,814,233</b>	<b>136,525,075</b>	<b>134,273,623</b>	<b>(2,251,452)</b>	<b>-1.6%</b>	23
24								24
25								25
26 <b>Total Uses of Funds</b>	<b>127,581,712</b>	<b>131,944,019</b>	<b>134,814,233</b>	<b>136,525,075</b>	<b>134,273,623</b>	<b>(2,251,452)</b>	<b>-1.6%</b>	26
27								27
28 <b>TOTAL OPERATING SURPLUS/(DEFICIT)</b>	<b>13,544,482</b>	<b>11,030,751</b>	<b>11,030,751</b>	<b>3,585,803</b>	<b>3,585,803</b>	<b>0</b>	<b>0.0%</b>	28
29								29
30 <b>Sales Tax Allocation - Capital Programs</b>	<b>15,973,240</b>	<b>11,030,751</b>	<b>11,030,751</b>	<b>3,585,803</b>	<b>3,585,803</b>	<b>0</b>	<b>0.0%</b>	30
31								31
32 <b>TOTAL OPERATING CAPITAL-SURPLUS/(DEFICIT)</b>	<b>(2,428,758)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	32
33								33
<b>DEBT SERVICE</b>								
<b>SOURCES OF FUNDS:</b>								
34 Bond Proceeds	16,580,173	17,567,460	17,567,460	19,231,942	19,231,942	0	0.0%	34
35 Investment Interest	6,865,454	6,147,680	6,147,680	5,245,900	5,245,900	0	0.0%	35
36 <b>Total Sources of Funds</b>	<b>23,445,627</b>	<b>23,715,140</b>	<b>23,715,140</b>	<b>24,477,842</b>	<b>24,477,842</b>	<b>0</b>	<b>0.0%</b>	36
37								37
38								38
39								39
<b>USES OF FUNDS:</b>								
40 Debt Service	23,337,279	23,603,880	23,603,880	24,450,342	24,450,342	0	0.0%	40
41 Fiscal Agent Fees	108,348	111,260	111,260	27,500	27,500	0	0.0%	41
42 <b>Total Uses of Funds</b>	<b>23,445,627</b>	<b>23,715,140</b>	<b>23,715,140</b>	<b>24,477,842</b>	<b>24,477,842</b>	<b>0</b>	<b>0.0%</b>	42
43								43
44								44
45 <b>DEBT SERVICE SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	45
46								46
47 <b>Total Uses of Reserves &amp; Reimbursed Bond Proceeds</b>	<b>16,580,173</b>	<b>27,635,651</b>	<b>23,627,156</b>	<b>28,373,923</b>	<b>24,075,939</b>	<b>(4,297,984)</b>		47

**SAN MATEO COUNTY TRANSIT DISTRICT  
FY2010 REVISED OPERATING BUDGET**

	<u>FY2008 ACTUAL</u>	<u>FY2009 ADOPTED</u>	<u>FY2009 REVISED</u>	<u>FY2010 ADJUSTED</u>	<u>FY2010 REVISED</u>	<b>FY10 REVISED Compared to FY10 ADJUSTED Increase (Decrease) F = E- D</b>	<b>BUDGET PERCENT CHANGE G = F/D</b>		
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>				
<b>OPERATING REVENUES - MOTOR BUS:</b>									
1	<b>TOTAL MOTOR BUS FARES</b>	16,613,093	16,520,000	16,520,000	18,256,000	17,656,000	(600,000)	-3.3%	1
2									2
3	<b>LOCAL (TDA) TRANSIT FUND:</b>								
4	General Operating Assistance	30,073,075	30,071,123	30,071,123	28,477,104	28,477,104	0	0.0%	4
5									5
6	<b>STATE TRANSIT ASSISTANCE:</b>								
7	STA Base	4,733,079	2,332,106	3,645,355	0	0	0	#DIV/0!	7
8	STA Repayment of ROW	4,422,174					0	#DIV/0!	8
9	STA Lifeline	0	0	0	0	5,000	5,000	#DIV/0!	9
10	STA Augmentation (Prop 1B)	0	0	0	0	266,510	266,510	#DIV/0!	10
11	<b>STA TOTAL</b>	<b>9,155,253</b>	<b>2,332,106</b>	<b>3,645,355</b>	<b>0</b>	<b>271,510</b>	<b>271,510</b>	<b>#DIV/0!</b>	11
12	<b>OPERATING GRANTS:</b>								
13	Operating Grants	1,570,327	1,615,723	6,707,890	3,376,430	3,117,885	(258,545)	-7.7%	13
14									14
15	<b>DISTRICT 1/2-CENT SALES TAX:</b>								
16	General Operating Assistance	29,322,182	40,247,635	36,747,602	47,081,215	43,139,816	(3,941,399)	-8.4%	16
17	Accessibility Fixed Route	939,734	918,243	918,243	985,992	979,092	(6,900)	-0.7%	17
18	<b>TOTAL 1/2-CENT SALES TAX</b>	<b>30,261,916</b>	<b>41,165,878</b>	<b>37,665,845</b>	<b>48,067,207</b>	<b>44,118,908</b>	<b>(3,948,299)</b>	<b>-8.2%</b>	18
19									19
20	<b>INVESTMENT INTEREST INCOME</b>								
21	Investment Interest Income	(203,669)	779,890	779,890	140,670	140,670	0	0.0%	21
22									22
23	<b>OTHER REVENUE SOURCES:</b>								
24	Overnight Deposit Interest Income	61,023	84,430	84,430	4,560	4,560	0	0.0%	24
25	Rental Income	1,007,806	1,007,760	1,007,760	1,041,900	1,041,900	0	0.0%	25
26	Advertising Income	1,287,500	1,300,000	1,300,000	1,350,000	1,450,000	100,000	7.4%	26
27	Other Income	1,269,052	1,474,698	1,363,698	1,369,588	1,369,588	0	0.0%	27
28	<b>TOTAL OTHER REVENUES</b>	<b>3,625,382</b>	<b>3,866,888</b>	<b>3,755,888</b>	<b>3,766,048</b>	<b>3,866,048</b>	<b>100,000</b>	<b>2.7%</b>	28
29									29
30	<b>TOTAL MOTOR BUS</b>	<b>91,095,377</b>	<b>96,351,608</b>	<b>99,145,991</b>	<b>102,083,459</b>	<b>97,648,125</b>	<b>(4,435,334)</b>	<b>-4.3%</b>	30
31									31
32	<b>AMERICAN DISABILITIES ACT:</b>								
33	Passenger Fares-Redi-Wheels	589,686	592,000	592,000	719,000	719,000	0	0.0%	33
34	Local TDA 4.5 Redi-Wheels	1,634,981	1,513,691	1,513,691	1,498,795	1,498,795	0	0.0%	34
35	Local STA - Paratransit	382,984	692,161	488,627	0	211,315	211,315	#DIV/0!	35
36	Operating Grants	0	0	787,827	1,052,641	1,052,641	0	0.0%	36
37	Sales Tax - Paratransit District	6,225,876	6,890,781	6,382,321	6,476,254	5,901,239	(575,015)	-8.9%	37
38	Sales Tax - Paratransit Suppl. Coastside	1,067,535	1,082,066	1,082,066	1,275,320	1,272,450	(2,870)	-0.2%	38
39	Interest Income-Paratransit Fund	0	0	0	531,250	531,250	0	0.0%	39
40	Measure A Redi-Wheels	2,779,692	3,022,882	3,022,882	2,588,652	2,488,652	(100,000)	-3.9%	40
41	<b>TOTAL ADA PROGRAMS</b>	<b>12,680,754</b>	<b>13,793,581</b>	<b>13,869,414</b>	<b>14,141,912</b>	<b>13,675,342</b>	<b>(466,570)</b>	<b>-3.3%</b>	41
42									42
43	<b>MULTIMODAL TRANSIT PROGRAMS:</b>								
44	Sales Tax - Caltrain	16,040,087	13,993,290	13,993,290	11,343,986	11,543,986	200,000	1.8%	44
45	Transfer from TA for Caltrain	0	2,528,000	2,528,000	5,177,304	4,977,304	(200,000)	-3.9%	45
46	TA Funded SM/Caltrain Shuttles	901,054	1,060,942	1,060,942	1,131,768	1,131,768	0	0.0%	46
47	Employer Share SM/Caltrain Shuttles	482,921	726,379	726,379	325,237	586,217	260,980	80.2%	47
48	AB434 Funds - SamTrans Shuttle	576,000	576,000	576,000	600,000	570,000	(30,000)	-5.0%	48
49	Employer SamTrans Shuttle Funds	990,768	1,033,429	1,033,429	1,014,364	1,379,764	365,400	36.0%	49
50	Sales Tax - SamTrans Shuttle Program	295,960	373,816	373,816	288,541	316,861	28,320	9.8%	50
51	Operating Grants	164,726	430,000	430,000	0	258,545	258,545	#DIV/0!	51
52	Sales Tax - Gen. Operating Asst.	299,086	901,608	901,608	321,170	321,050	(120)	0.0%	52
53	<b>TOTAL MULTIMODAL</b>	<b>19,750,601</b>	<b>21,623,464</b>	<b>21,623,464</b>	<b>20,202,370</b>	<b>21,085,495</b>	<b>883,125</b>	<b>4.4%</b>	53
54									54
55	<b>TOTAL REVENUES</b>	<b>123,526,732</b>	<b>131,768,653</b>	<b>134,638,869</b>	<b>136,427,741</b>	<b>132,408,962</b>	<b>(4,018,779)</b>	<b>-2.9%</b>	55

**SAN MATEO COUNTY TRANSIT DISTRICT  
FY2010 REVISED OPERATING BUDGET**

	<b>FY2008 ACTUAL</b>	<b>FY2009 ADOPTED</b>	<b>FY2009 REVISED</b>	<b>FY2010 ADJUSTED</b>	<b>FY2010 REVISED</b>	<b>FY10 REVISED Compared to FY10 ADJUSTED Increase (Decrease) F = E-D</b>	<b>BUDGET PERCENT CHANGE G = F/D</b>	
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>			
<b>DISTRICT OPERATED BUSES</b>								
1 Wages and Benefits	50,884,518	52,045,447	52,045,447	55,953,977	<b>53,545,216</b>	<b>(2,408,761)</b>	-4.3%	1
2 Services:								2
3 Board of Directors	45,590	53,000	53,000	53,090	53,090	0	0.0%	3
4 Contracted Vehicle Maintenance	444,212	659,420	1,786,647	512,910	<b>662,910</b>	<b>150,000</b>	29.2%	4
5 Property Maintenance	1,177,968	1,472,000	1,472,000	1,434,000	1,434,000	0	0.0%	5
6 Professional Services	2,085,973	2,847,466	2,994,666	2,992,068	<b>2,867,915</b>	<b>(124,153)</b>	-4.1%	6
7 Technical Services	3,553,126	3,361,418	3,444,918	3,782,539	<b>3,777,539</b>	<b>(5,000)</b>	-0.1%	7
8 Other Services	395,714	474,304	474,304	450,246	450,246	0	0.0%	8
9								9
10 Materials & Supply:								10
11 Fuel and Lubricants	5,657,823	6,340,082	7,374,022	7,246,336	<b>5,701,986</b>	<b>(1,544,350)</b>	-21.3%	11
12 Bus Parts and Materials	2,084,787	1,989,187	1,989,187	2,029,913	<b>1,995,008</b>	<b>(34,905)</b>	-1.7%	12
13 Uniform and Drivers Expense	365,238	450,241	450,241	415,848	<b>394,348</b>	<b>(21,500)</b>	-5.2%	13
14 Timetables and Tickets	256,224	225,300	225,300	217,500	217,500	0	0.0%	14
15 Office Supplies/Printing	272,804	370,763	370,763	340,055	340,055	0	0.0%	15
16 Other Materials and Supply	150,543	191,500	191,500	183,750	183,750	0	0.0%	16
17								17
18 Utilities:								18
19 Telecommunications	412,667	403,000	403,000	396,000	396,000	0	0.0%	19
20 Other Utilities	925,060	996,000	996,000	996,000	996,000	0	0.0%	20
21 Insurance Costs	2,488,266	2,293,500	2,293,500	2,292,000	2,292,000	0	0.0%	21
22 Workers' Compensation	2,848,721	3,042,050	3,042,050	3,172,050	3,172,050	0	0.0%	22
23 Taxes and License Fees	490,225	577,323	660,471	659,770	<b>610,775</b>	<b>(48,995)</b>	-7.4%	23
24 Fixed-route Accessibility	939,734	918,243	922,208	985,992	<b>979,092</b>	<b>(6,900)</b>	-0.7%	24
25 Leases and Rentals	116,393	140,370	140,370	115,588	115,588	0	0.0%	25
26 Prmtnl and Legal Advertising	305,938	450,000	450,000	340,000	340,000	0	0.0%	26
27 Training & Business Travel	211,754	207,115	207,115	192,075	192,075	0	0.0%	27
28 Dues and Membership	86,834	101,525	101,525	91,085	91,085	0	0.0%	28
29 Postage and other	54,331	80,710	80,710	85,680	<b>76,680</b>	<b>(9,000)</b>	-10.5%	29
30								30
<b>31 Total District Operated Buses</b>	<b>76,254,443</b>	<b>79,689,964</b>	<b>82,168,944</b>	<b>84,938,472</b>	<b>80,884,908</b>	<b>(4,053,564)</b>	<b>-4.8%</b>	31
32								32
<b>33 CONTRACTED BUS SERVICES</b>								33
34 Contracted Urban Bus Service	13,945,310	14,648,100	14,963,500	14,973,092	<b>14,605,502</b>	<b>(367,590)</b>	-2.5%	34
35 Other Related Costs	403,557	312,156	312,156	334,465	<b>323,285</b>	<b>(11,180)</b>	-3.3%	35
36 Insurance Costs	446,118	655,000	655,000	655,000	655,000	0	0.0%	36
37 Coastside Services	533,654	545,000	545,000	633,590	633,590	0	0.0%	37
38 RediCoast Non-ADA	235,650	270,000	270,000	261,980	261,980	0	0.0%	38
39 Other Related Costs	33,591	60,467	60,467	64,250	<b>61,410</b>	<b>(2,840)</b>	-4.4%	39
40 La Honda Pescadero	52,500	52,500	52,500	52,500	52,500	0	0.0%	40
41 Southcoast - Pescadero	118,114	105,600	105,600	156,170	156,170	0	0.0%	41
42 Other Related Costs-SamCoast	4,119	12,821	12,821	13,940	<b>13,780</b>	<b>(160)</b>	-1.1%	42
<b>43 Total Contracted Bus Service</b>	<b>15,772,613</b>	<b>16,661,644</b>	<b>16,977,044</b>	<b>17,144,987</b>	<b>16,763,217</b>	<b>(381,770)</b>	<b>-2.2%</b>	43
44								44
<b>45 TOTAL MOTOR BUS</b>	<b>92,027,057</b>	<b>96,351,608</b>	<b>99,145,988</b>	<b>102,083,459</b>	<b>97,648,125</b>	<b>(4,435,334)</b>	<b>-4.5%</b>	45

**SAN MATEO COUNTY TRANSIT DISTRICT  
FY2010 REVISED OPERATING BUDGET**

	<u>FY2008 ACTUAL</u>	<u>FY2009 ADOPTED</u>	<u>FY2009 REVISED</u>	<u>FY2010 ADJUSTED</u>	<u>FY2010 REVISED</u>	<u>FY10 REVISED Compared to FY10 ADJUSTED Increase (Decrease) F = E-D</u>	<u>BUDGET PERCENT CHANGE G = F/D</u>		
	A	B	C	D	E				
<b>AMERICAN DISABILITY ACT PROGRAMS</b>									
46	Elderly & Disabled/Redi-Wheels	5,677,817	6,452,150	6,452,150	6,195,819	5,771,819	(424,000)	-6.8%	46
47	Other Related Costs	2,188,752	2,482,673	2,558,507	2,586,793	2,557,633	(29,160)	-1.1%	47
48	ADA Sedan Service	2,518,731	2,261,327	2,261,327	2,781,140	2,778,640	(2,500)	-0.1%	48
49	ADA Accessibility Support	936,873	1,000,365	1,000,365	787,840	779,800	(8,040)	-1.0%	49
50	Coastside Support	1,067,535	1,082,066	1,082,066	1,275,320	1,272,450	(2,870)	-0.2%	50
51	Insurance Costs	291,046	515,000	515,000	515,000	515,000	0	0.0%	51
52	<b>TOTAL ADA PROGRAMS</b>	<b>12,680,753</b>	<b>13,793,581</b>	<b>13,869,415</b>	<b>14,141,912</b>	<b>13,675,342</b>	<b>(466,570)</b>	<b>-3.3%</b>	52
<b>MULTIMODAL TRANSIT PROGRAMS</b>									
54	<b>MULTIMODAL TRANSIT PROGRAMS</b>								54
55									55
56	<b>CALTRAIN SERVICE</b>								56
57	Peninsula Rail Service	16,040,087	16,521,290	16,521,290	16,521,290	16,521,290	0	0.0%	57
58	<b>Total Caltrain Service</b>	<b>16,040,087</b>	<b>16,521,290</b>	<b>16,521,290</b>	<b>16,521,290</b>	<b>16,521,290</b>	<b>0</b>	<b>0.0%</b>	58
59									59
60	<b>OTHER SUPPORT</b>								60
61	Dumbarton Express Service	146,089	155,008	155,008	126,070	125,950	(120)	-0.1%	61
62	SamTrans Shuttle	1,862,727	1,983,245	1,983,245	1,902,905	2,266,625	363,720	19.1%	62
63	SM/Caltrain Shuttle	1,548,701	2,217,322	2,217,322	1,457,005	1,976,530	519,525	35.7%	63
64	Maintenance Multimodal Fac	145,695	224,100	224,100	195,100	195,100	0	0.0%	64
65	<b>Total Other Support</b>	<b>3,703,212</b>	<b>4,579,675</b>	<b>4,579,675</b>	<b>3,681,080</b>	<b>4,564,205</b>	<b>883,125</b>	<b>24.0%</b>	65
66									66
67	MultiModal Promotion	7,302	22,500	22,500	0	0	0	#DIV/0!	67
68									68
69	<b>TOTAL MULTIMODAL PROGRAMS</b>	<b>19,750,601</b>	<b>21,123,465</b>	<b>21,123,465</b>	<b>20,202,370</b>	<b>21,085,495</b>	<b>883,125</b>	<b>4.4%</b>	69
70									70
71	<b>CONTINGENCY</b>								71
72	Operating Contingency		500,000	500,000	0	0	0	#DIV/0!	72
73									73
74	<b>TOTAL OPERATING EXPENSES</b>	<b>124,458,411</b>	<b>131,768,654</b>	<b>134,638,868</b>	<b>136,427,741</b>	<b>132,408,962</b>	<b>(4,018,779)</b>	<b>-2.9%</b>	74

**RESOLUTION NO. 2010-**

**BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSIT DISTRICT  
STATE OF CALIFORNIA**

\* \* \*

**AUTHORIZING AN AMENDMENT TO DECREASE THE FISCAL YEAR 2010  
OPERATING BUDGET IN THE AMOUNT OF \$2,251,452 FOR A TOTAL  
BUDGET OF \$134,273,623**

**WHEREAS**, Section 103141(b) of the California Public Utilities Code requires the Board of Directors to adopt an annual budget for the San Mateo County Transit District (District); and

**WHEREAS**, on June 10, 2009 and pursuant to Resolution No. 2009-32, the Board of Directors of the District adopted the Fiscal Year 2010 Preliminary Operating Budget in the amount of \$136,525,075; and

**WHEREAS**, since the adoption of the Fiscal Year 2010 Preliminary Operating Budget in June of 2009, the District has considered various budget reduction measures, including reductions in personnel and transportation services, as a means of addressing the District's budget deficit so that the District may achieve its strategic goals and attain long term financial stability; and

**WHEREAS**, on September 9, 2009 and pursuant to Resolution No. 2009-51, the Board of Directors of the District adopted a negative declaration and approved the implementation of SamTrans Fiscal Year 2010 Bus Service Reductions effective December 20, 2009; and

**WHEREAS**, the potential impact of the aforementioned reduction in transportation services will result in a decrease of \$4,297,984 from the use of Reserves; and

**WHEREAS**, the General Manager/CEO recommends that the Fiscal Year 2010 Preliminary Operating Budget be reduced in the amount of \$2,251,452 for a total amended budget in the amount of \$134,273,623 to incorporate the savings associated with the aforementioned reduction in transportation services.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the San Mateo County Transit District hereby approves an amendment decreasing the Fiscal Year 2010 Operating Budget by \$2,251,452, for a total amended Preliminary Operating Budget of \$134,273,623; and

**BE IT FURTHER RESOLVED** that the General Manager is directed to submit this amended budget to the Metropolitan Transportation Commission, together with a copy of this resolution at the earliest practicable date.

Regularly passed and adopted this 13th day of January, 2010 by the following vote:

AYES:

NOES:

ABSENT:

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Chair, San Mateo County Transit District

ATTEST:

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District Secretary

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

TO: Finance Committee

THROUGH: Michael J. Scanlon  
General Manager/CEO

FROM: Gigi Harrington  
Deputy CEO

SUBJECT: **APPROVAL OF UPDATES TO THE DISTRICT PROCUREMENT POLICY  
TO INCORPORATE PROVISIONS OF ASSEMBLY BILL 116**

**ACTION**

Staff proposes that Committee recommend that the Board:

- Approve revisions to the District's Procurement Policy (Attachment "A") made to incorporate provisions of Assembly Bill (AB) 116 and other staff-recommended changes.
- Authorize the General Manager/CEO or his designee to update the Procurement Manual to implement the Procurement Policy revisions and to approve subsequent revisions to the Manual made in accordance with the adopted Policy.

**SIGNIFICANCE**

Approval of this action will update the Procurement Policy to include the provisions of AB116 and provide a broad overview of procurement standards and methods that guide the District in obtaining goods and services in its day-to-day operation. Approval of this action will also allow the General Manager/CEO to issue appropriate revisions to the District's Procurement Manual, in accordance with the adopted Policy, as and when needed so that the District maintains up-to-date procedures for conducting its procurement business.

**BUDGET IMPACT**

Approval of this action will have no impact on operating or capital budgets.

**BACKGROUND**

Staff identified the need to establish a Procurement Policy statement to provide a broad overview of the standards and methods which guide the District in obtaining goods and services. In 2003 the Board first approved a Procurement Policy as a separate document apart from the more detailed Procurement Manual. The Procurement Policy authorized the General Manager to approve the Procurement Manual and subsequent revisions to it made in accordance with the Board-approved Policy. The proposed updates to the Procurement Policy, the first since its initial approval, were initiated by the passage of AB 116, which revised California Public Utilities Code Section 103222, which governs the District's purchase of supplies, equipment and materials.

The changes ushered in by AB 116 are outlined below:

- The threshold for using formal (advertised) competitive bidding and a lowest responsible bidder basis of award has been raised. Instead of applying to procurement of equipment, supplies and materials that exceed \$25,000 the threshold has been changed to procurements exceeding \$100,000.
- The legislation grants the discretion to the District to award contracts for equipment, supplies or materials that exceed \$100,000 either on a lowest responsible bidder standard or to the bidder that submits the proposal that provides the “best value” to the District. Best value is defined in the new law as the “overall combination of quality, price, and other elements of a proposal that, when considered together, provide the greatest overall benefit in response to the requirements described in the solicitation documents.”
- Notice of the request for bids for procurements in excess of \$100,000 may now be satisfied by posting the notice on the District’s Web site coupled with one publication in a newspaper of general circulation at least 10 days before the deadline for bids. The current statutory notice requirement calls for publication for two successive weeks in a newspaper of general circulation, and does not recognize the prevalence of Web site communication.
- When the estimated expenditure for equipment, supplies, or materials is between \$2,500 and \$100,000, the new law requires that the District obtain, when practical, a minimum of three quotations, either written or oral, that permit comparison on the basis of prices and other terms. This is the same process the District currently uses for procuring goods costing less than \$25,000. Adequate outreach will be made to ensure open and free competition, and that small businesses, including Disadvantaged Business Enterprises are afforded opportunities to submit quotations. To the extent practicable, the District will strive to obtain at least one of the three minimum quotations from a small business.
- AB 116 does not alter in any way the rules for awarding public works/construction contracts. Public works/construction contracts that exceed \$10,000 must still be let by formal competitive bidding.

Other transit agencies including BART, Golden Gate Bridge, Highway and Transportation District, Los Angeles Metropolitan Transit Authority, Valley Transportation Authority and AC Transit have \$100,000 thresholds for formal competitive bidding. The Federal government also has the same threshold as a ceiling for its use of its small purchasing procedures. The ability to use a “best value” approach for procurement of supplies, material and equipment also will allow the District to participate in many more cooperative purchasing agreements that increasingly have been based upon “best value” approaches where other factors besides price were taken into consideration in determining the award.

In addition to those changes necessitated by AB 116, staff recommends additional revisions to the Procurement Policy including:

- Utilizing a formal competitive proposal process to retain professional services when the estimated expenditure exceeds \$100,000.



- Authorizing the General Manager/CEO to act for the Board for procurements of equipment, supplies, and materials under \$100,000 and to review and determine bid protests concerning contracts awarded within such authority.
- Authorizing the General Manager/CEO to determine the manner of disposition of surplus equipment, supplies and materials whose original acquisition cost exceeds \$50,000 but is less than \$100,000.
- Authorizing the Director of Contracts and Procurement to determine the manner of disposition of surplus equipment, supplies and materials whose original acquisition cost does not exceed \$50,000.
- Adding new provisions to the Procurement Policy regulating (1) the execution of contract documents, (2) revenue generating contracts/concessions, and (3) implementation of the Procurement Policy.

Prepared by: Cheryl Cavitt, Director of Contracts and Procurement  
7963

650-508-

**PROCUREMENT POLICY  
SAN MATEO COUNTY TRANSIT DISTRICT**

The San Mateo County Transit District (“District”) is organized and established pursuant to the San Mateo County Transit District Act, set forth in the Public Utilities Code Section 103000, *et seq.* (the “Act”) which authorizes the District to acquire such property, facilities, equipment, materials and supplies as may be deemed necessary to carry out its duties.

The procedures governing procurements of the District derive from state law and federal law. By accepting state and federal funding, the District is also obligated to comply with certain regulations in its procurement of goods and services. More specifically, certain standards, regulations, and other requirements for grants to local governments issued by the United States Department of Transportation apply to the District in connection with contracts financed in whole or in part with federal funds. In the event of a conflict between the District’s Procurement Policy and state or federal law, such state or federal law shall supercede this Procurement Policy.

This Procurement Policy provides a broad overview of the standards and methods which will guide the District in obtaining goods and services. Wherever in this Procurement Policy, the General Manager/CEO is designated authority, such authority shall be understood to include the designee of the General Manager/CEO.

**A. Fundamental Principles**

The District’s Procurement Policy is guided by seven fundamental principles to:

1. Foster maximum open and free competition for District Contracts;
2. Promote the greatest economy and efficiency in District procurements;
3. Ensure adherence to proper standards of conduct by District board members, officers and employees;
4. Maintain procurement policies and procedures that guarantee compliance with applicable state and federal laws and regulations;
5. Establish and maintain an arm's length relationship with all Contractors;
6. Treat all prospective Contractors, Consultants, and vendors, including Disadvantaged Business Enterprises (“DBEs”) and small businesses, in an equal and equitable manner; and
7. Provide guidance for remedy and resolution of Contract claims or disputes.

Based on these fundamental principles and the general standards of public sector procurement, the following set of procurement and contracting policies have been developed.

## **B. Conflicts of Interest**

No director, officer, employee or agent of the District shall participate in any procedure, tasks, or decisions relative to initiation, evaluation, award, or administration of a contract if a conflict of interest, real or apparent, exists. Such a conflict of interest arises when (a) the director, officer, employee or agent, (b) any member of his or her immediate family, (c) his or her business associate, or (d) an organization which employs, or which is about to employ, any of the above described individuals has a financial or other interest in a firm that participates in a District procurement process or that is selected for an award. The standards governing the determination as to whether such an interest exists are set forth in the Political Reform Act (Section 81000 *et seq.* of the California Government Code) and in Sections 1090, 1091, and 1091.5 of the California Government Code.

## **C. Methods of Procurement**

1. All purchases and contracts, whether by informal bidding, formal bidding or proposals, shall be made on a competitive basis to the greatest extent practicable.
2. The method of procurement, such as small purchases, informal bids or proposals, formal competitive bidding, requests for proposals, etc., shall be appropriate for the type of project or procurement and shall be in the best interest of the District.
3. Formal competitive bidding must be used for construction, repair, maintenance, alteration, and similar work whenever the estimated expenditure for such work exceeds \$10,000 or more. Alternative methods of procurement, such as a design build approach, may be utilized if authorized by state law and in full compliance with all applicable requirements.
4. Formal competitive bidding should be used when purchasing equipment, supplies, or materials over \$100,000, but a “best value” approach may be used in circumstances where it is determined to be in the best interest of the District. “Best value” means a process in which the overall combination of quality, price, and other elements such as reliability, standardization, vendor qualifications, warranty, life cycle costs, and sustainability issues are considered together to determine which proposal provides the greatest overall benefit to the District. On a case by case basis, and in particular when a procurement involves a combination of goods and services, the District Procurement Office, in consultation with the Project Manager or the department issuing the solicitation, shall make the determination of whether a “best value” approach is in the best interest of the District. In such circumstances, the determination will be documented in writing and a formal competitive proposal process will be utilized.
5. An informal procurement method may be utilized for the purchase of materials, equipment or supplies when the estimated expenditure is between \$2,500 and \$100,000. To the extent practicable, such a method shall involve obtaining a minimum of three quotations, either written or oral, that permit prices and other

terms to be compared. The District will undertake adequate outreach to ensure open and free competition, and that small businesses, including Disadvantaged Business Enterprises are afforded opportunities to submit quotations. To the extent practicable, the District will strive to obtain at least one of the minimum of three quotations from a small business. The District will utilize interested vendors based upon a review of trade sources, lists of certified DBEs and small businesses that have registered with the State, and vendors that have registered with the District to receive notice of contract opportunities. When appropriate to ensure satisfaction of the Fundamental Principles set forth in Section A of this Policy, such solicitations shall be advertised by the District. The District's informal bidding procedures using a lowest responsible bidder standard for bid comparison will serve as the typical standard on which to base the purchase of materials, equipment, or supplies, unless it is determined in writing that it is in the District's best interest to apply a "best value" approach, in which event, qualitative factors such as those set forth in paragraph C.4. above, in addition to price may be considered in making an award.

6. Formal competitive proposals, which consider and evaluate factors in addition to price, will be used to retain professional services when the estimated expenditure exceeds \$100,000. Specialized State and federal laws will apply to the procurement of architectural and engineering services as defined by applicable laws and regulations, regardless of the estimated expenditure.
7. In certain circumstances, a competitive negotiation process utilizing an RFP process may be necessary or appropriate to accomplish the District's procurement goals, such as to procure specialized equipment or computer software systems. The competitive negotiation process will be conducted pursuant to Public Contract Code §20216, *et seq.*
8. The use of appropriate intergovernmental agreements is encouraged in order to reduce duplicative effort and to achieve cost economies.
9. The District may purchase items on the open market under the following conditions: (a)(i) if the District rejects bids received in connection with a procurement of materials, supplies and equipment requiring formal competitive bidding, and (ii) the Board of Directors determines and declares by a two-thirds vote of all its members that in its opinion the supplies, equipment and materials may be purchased at a lower price in the open market; or (b) if the Board of Directors, or the General Manager/CEO, within the General Manager/CEO's procurement authority, has exercised discretion to waive the competitive process when permissible under applicable law and consistent with the fundamental principles of procurement set forth in this Policy. *See* Public Utilities Code §103223 and Section L "Discretion to Waive the Competitive Process" set forth below.

**D. Procurement Documentation and Consideration of Bids and Proposals**

1. Formal competitive bidding requires preparation of bid documents that clearly set forth all requirements which must be fulfilled in order for the bid to be responsive, advertisement in accordance with the law, and, once bids are received, an award, if made, to the lowest responsive and responsible bidder.
2. Formal competitive proposals, including the “best value” approach, require issuance of Requests for Proposals, which clearly set forth all the requirements, and state the qualitative factors, in addition to price, which will be used to evaluate and rank the Proposals. An award, if made, will be to the proposer receiving the highest consensus ranking, subject to successful negotiations with the District.
3. Any and all bids or proposals may be rejected by the District if it is in the District’s best interest to do so.
4. The District may only contract with persons, firms or entities that are qualified and possess the ability to perform successfully under the terms and conditions of the proposed procurement.

**E. Execution of Contract Documents**

1. All District contracts and amendments will be in writing and executed prior to beginning performance under the contract.
2. The General Manager/CEO may execute all contracts on behalf of the District that are duly approved within the General Manager/CEO’s authority. The President of the Board of Directors will sign contracts and leases that require approval by the Board, unless otherwise delegated to the General Manager/CEO.

**F. Disadvantaged Business Enterprise Program**

The District is committed to a Disadvantaged Business Enterprise (“DBE”) Program for DBE participation in District contracting opportunities in accordance with 49 Code of Federal Regulations (CFR) Part 26, effective June 22, 2001, as may be amended. It is the policy of the District to ensure nondiscrimination on the basis of race, color, sex or national origin in the award and administration of U.S. Department of Transportation assisted and District contracts. It is the intention of the District to create a level playing field on which DBEs can compete fairly for contracts and subcontracts to provide the District’s public works, supplies, equipment, materials and services.

**G. Protest Procedures**

Bidders may protest contracts that are let through formal competitive bidding or competitive negotiations. The General Manager/CEO is authorized to review and determine protests

concerning contracts awarded within the General Manager/CEO's procurement authority. Bid protests for all other contracts not within the General Manager/CEO's procurement authority will be reviewed and determined by the Board of Directors upon recommendation by the General Manager/CEO and the General Counsel. All protests will be in accordance with the written procedures set forth in the Procurement Manual.

#### **H. General Manager/CEO's Procurement Authority**

1. The General Manager/CEO is authorized to purchase supplies, equipment and materials and to arrange for work in a manner consistent with this Procurement Policy and written procedures as may be developed from time to time. The General Manager/CEO is authorized to execute agreements and expend funds for procurements and activities included within the District's approved annual budget as follows: (1) up to \$100,000 for equipment, supplies, materials, or services and (2) up to \$10,000 for public works.
2. The General Manager/CEO is authorized to modify and otherwise administer all contracts on behalf of the District. For all contracts, the General Manager/CEO is authorized to issue contract change orders or amendments within any Board approved contingency. If the Board does not establish a contingency or in the event the contingency is exhausted, the General Manager/CEO is authorized to issue contract change orders or amendments up to \$100,000 or up to 10% (cumulative) of the Contract Amount, whichever is greater. The Contract Amount shall equal the base amount of the contract, supplemented by (a) the amount of any exercised options, (b) the amount of any Board-authorized contingency, and (c) the amount of any previously Board-approved amendments or change orders.
3. The General Manager/CEO is authorized to designate staff to oversee and monitor procurements and may delegate this contracting authority, which must be in writing, documented by the Director of Contracts and Procurement, and must specify defined monetary limits.
4. For award of contracts for materials, supplies and equipment over \$100,000, Board approval is required. For award of public works contracts over \$10,000, Board approval is required. The Board delegates to the General Manager/CEO the signature authority for all such contracts for the purchase/lease of equipment, supplies, materials, and the procurement of services and public works.

#### **I. Emergency Contracts**

For procurements requiring competitive bidding and/or Board approval, in case of any sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, the Board hereby designates the General Manager/CEO to take all necessary and proper measures in emergency conditions to maintain the District's systems in operation. The Board

also grants the General Manager/CEO the authority to determine that there is insufficient time for competitive bidding and that public interest and necessity demand the immediate expenditure of public money to safeguard life, health, or property. If the General Manager/CEO makes such a determination, the General Manager/CEO may expend or enter into a contract involving the expenditure of any sum needed in such emergency without observance of the provisions requiring contracts, bids or notice. The General Manager/CEO shall promptly report on the reasons and necessity for proceeding without a competitive solicitation for bids to the Board of Directors at the next available meeting, provided that the General Manager/CEO reports to the Board no later than 14 days after the General Manager/CEO takes such emergency action. Upon hearing the General Manager/CEO's report, the Board shall determine, by a four-fifths vote, whether or not there is a need to continue the emergency action. The Board shall continue to evaluate the emergency action, determining whether or not the emergency procurement is still required, at every regularly scheduled meeting thereafter until the action is terminated. *See* Public Contract Code §§ 20331 and 22050.

**J. Sole Source**

Regardless of the estimated cost of the procurement, the District is not required to engage in the competitive bidding process when procuring materials, equipment, supplies or services for which there exists only a sole source of supply. If more than one distributor of a product is available, the product is not exempt from competitive bidding as a sole source. A sole source decision is not permitted merely upon the grounds that the source demonstrates technical or administrative superiority, is the most convenient, or shows superior performance potential at lower costs. In all cases, the District must verify that the particular procurement meets the definition of a sole source and the District must perform a cost or price analysis to determine the fairness and reasonableness of the price of the sole source. The sole source determination will be reviewed by the Director of Contracts and Procurement in consultation with legal staff, as needed.

**K. Cooperative Purchasing Agreements**

To foster greater economy and efficiency, the District may avail itself of state and local intergovernmental agreements for procurement or use of common goods and services. Joint procurements, state cooperative purchasing programs, and assignment of existing contract rights ("piggyback" procurements) with other public agencies may be used when consistent with applicable state and federal statutory or grant requirements.

**L. Discretion to Waive the Competitive Process**

The Board of Directors or the General Manager/CEO in the case of procurements within the General Manager/CEO's procurement authority may waive the requirements for formal competitive bidding or other procedures set forth in this Policy when permissible under applicable law, when a determination is made that the best interests of the District are served thereby, and provided there is adequate documentation of the need for such material, supplies, equipment, public works or services. These circumstances shall be evaluated on a case-by-case basis, keeping in mind the Fundamental Principles of procurement set forth in this Policy. The findings justifying the waiver must be documented in the record.

**M. Contract Administration**

The District shall administer all contracts to ensure that contractors conform with the terms, conditions, and specifications of all contracts and to ensure all purchases are received in a timely manner. Contract administration files shall contain documentation concerning the solicitation, contract costs, modifications and final disposition. All significant formal and informal communications on all contracts must be committed to written memoranda and promptly included in the contract file.

**N. Disposal of Surplus Property**

1. The Director of Contracts and Procurement shall determine the manner of disposition of surplus supplies, equipment and materials whose original acquisition cost does not exceed \$50,000. The General Manager/CEO shall determine the manner of disposition of surplus supplies, equipment and materials whose original acquisition cost exceeds \$50,000 but is less than \$100,000. The Board of Directors shall approve the disposition of any item having an original acquisition cost greater than \$100,000. In all cases, disposition or sale of rolling stock shall require approval of the Board. In the event the surplus item to be disposed of was purchased with federal funds, the District will comply with federal disposition requirements.
2. The method of sale or disposition of any surplus or scrap items shall depend upon the nature of the items. Such methods shall include: (1) transfer or sale to other public agencies, (2) trade-in as part of a new procurement, (3) sale by auction, advertisement for sealed bids, or negotiation, or (4) where appropriate, proper recycling or disposal.

**O. Revenue Generating Contracts/Concessions**

To the extent they are not otherwise governed by District policies, concession agreements are contracts where the District grants permission to use District facilities or property to vendors to sell products or services, for which the District receives a percentage of the proceeds and/or a flat rate of compensation. Generally, these arrangements are at no direct cost to the District.

Where it is determined that a number of potential vendors are available to provide similar products or services, a competitive negotiations procedure should be followed, and award made to the highest ranked proposer, taking into consideration the economic return to the District, quality of the product, service and experience of the vendor.

The Board of Directors shall approve revenue generating/concessions contracts that exceed \$100,000 in value.



**P. Implementation**

This Policy sets forth the standards and methods to be followed by the District in obtaining goods and services. Since 2004, the District has had in place a Procurement Manual that sets forth implementing guidelines and procedures consistent with applicable law, best procurement practices, and the Procurement Policy. The General Manager/CEO shall have the authority to maintain and update as necessary the Procurement Manual to give effect to this Policy and may make subsequent revisions if necessary to implement changes in applicable laws and regulations and best procurement practices such as FTA Best Practices Manual, Caltrans Local Programs Procedures Manual, American Public Transit Association guidelines and standards, or other well accepted external references. Changes that represent a deviation from this Policy must be approved by the Board of Directors. All District staff with responsibility for procurement activities shall be trained in, and adhere to, this Policy and the Procurement Manual.

**RESOLUTION NO. 2010-**

**BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSIT DISTRICT  
STATE OF CALIFORNIA**

\* \* \*

**APPROVING UPDATES TO THE SAN MATEO COUNTY TRANSIT DISTRICT'S  
PROCUREMENT POLICY TO INCORPORATE PROVISIONS OF  
ASSEMBLY BILL 116**

**WHEREAS**, Assembly Bill (AB) 116, which was officially supported by the San Mateo County Transit District (District), took effect on January 1, 2010; and

**WHEREAS**, AB 116 does not alter in any way the rules for awarding public works/construction contracts, but provides greater possible flexibility for the District's procurement of equipment, supplies, and materials in the following ways:

(a) The threshold for using formal competitive bidding and a lowest responsible bidder basis of award has been raised. Instead of applying to procurements of equipment, supplies, and materials that exceed \$25,000, AB 116 changed the threshold to procurements exceeding \$100,000;

(b) The legislation grants the discretion to the District to award contracts for equipment, supplies, or materials over \$100,000 either on a lowest responsible bidder standard, or to the bidder who submits the proposal that provides the "best value" to the District. Best value is defined in the new law as the "overall combination of quality, price, and other elements of a proposal that, when considered together, provide the greatest overall benefit in response to the requirements described in the solicitation documents";

(c) Notice of the request for bids on procurements over \$100,000 may now be satisfied by posting the notice on the District's website coupled with one publication in a newspaper of general circulation at least 10 days before the deadline for bids; and

(d) When the estimated expenditure for equipment, supplies, or materials is between \$2,500 and \$100,000, the new law requires that the District obtain, when practicable, a minimum of three quotations, either written or oral, that permit comparison on the bases of prices and other terms; and

**WHEREAS**, in addition to those changes necessitated by AB 116, staff recommends revisions to the Procurement Policy provisions regulating: (1) protest procedures; (2) procuring professional services; and (3) disposing of surplus property, as well as adding new provisions regulating: (1) the execution of contract documents; (2) revenue generating contracts/concessions; and (3) implementation of the Procurement Policy; and

**WHEREAS**, staff recommends revising the Procurement Policy so that the General Manager/CEO is authorized to act for the Board for procurements of equipment, supplies, and materials under \$100,000; and

**WHEREAS**, the General Manager/CEO recommends and the Finance Committee concurs that the Board approve revisions to the District's Procurement Policy to implement the new rules set forth in AB 116 and to incorporate the revisions and additions to the Procurement Policy recommended by staff as set forth above; and

**WHEREAS**, the District's Procurement Manual, in effect since 2004, contains procedures covering the entire procurement process through contract administration and closeout; and

**WHEREAS**, the General Manager/CEO recommends and the Finance Committee concurs that the Board authorize the General Manager to take further actions as may be necessary to give effect to the restated Procurement Policy, including updating the Procurement Manual and making subsequent revisions to the Procurement Manual to implement changes in

applicable laws and regulations and best procurement practices consistent with the Board-approved Procurement Policy.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the San Mateo County Transit District, that the following revisions to the District's Procurement Policy are hereby adopted, effective January 13, 2010:

1. Formal competitive bidding procedures using the lowest responsible bidder standard as the basis of award will typically apply to purchases of equipment, supplies, or materials over \$100,000, but a "best value" approach may be used in circumstances where it is determined to be in the best interest of the District.
2. An informal procurement method may be utilized for the purchase of equipment, supplies, or materials when the estimated expenditure is between \$2,500 and \$100,000. To the extent practicable, such a method shall involve obtaining a minimum of three quotations, either written or oral, that permit prices and other terms to be compared. Adequate outreach will be made to ensure open and free competition, and that small businesses, including Disadvantaged Business Enterprises (DBE) are afforded opportunities to submit quotations. To the extent practicable, the District will strive to obtain at least one of the three minimum quotations from a small business.
3. Formal competitive proposals will be used to retain professional services when the estimated expenditure exceeds \$100,000.
4. The General Manager/CEO shall be authorized to act for the Board for procurements of equipment, supplies, and materials under \$100,000 and shall be

authorized to review and determine bid protests concerning contracts awarded within such authority.

5. The General Manager/CEO shall be authorized to determine the manner of disposition of surplus equipment, supplies and materials whose original acquisition cost exceeds \$50,000 but is less than \$100,000. The Director of Contracts and Procurement shall determine the manner of disposition of surplus equipment, supplies and materials whose original acquisition cost does not exceed \$50,000.
6. Provisions regulating the execution of contract documents, revenue generating contracts/concessions, and implementation of the Procurement Policy shall be added to the Procurement Policy.

**BE IT FURTHER RESOLVED**, that the Board adopts, effective January 13, 2010, the restated Procurement Policy attached to this Resolution as Attachment A, which gives effect to the modifications called for in AB 116 and the revisions and additions recommended by staff.

Regularly passed and adopted this 13th day of January 2010, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

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Chair San Mateo County Transit District

---

District Secretary

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

TO: Finance Committee

THROUGH: Michael J. Scanlon  
General Manager/CEO

FROM: Gigi Harrington  
Deputy CEO

C. H. (Chuck) Harvey  
Deputy CEO

SUBJECT: **AWARD OF CONTRACT FOR PROVIDING A LUBRICATING OIL AND  
DIESEL FUEL ANALYSIS PROGRAM**

**ACTION**

Staff proposes that the Committee recommend that the Board:

1. Award a contract for lubricating oil and diesel fuel analysis to Analysts, Inc. of Hawthorne, CA, for a total estimated cost of \$99,560 for a five-year term.
2. Authorize the General Manager/CEO to execute a contract with Analysts, Inc in full conformity with terms and conditions set forth in the solicitation documents.

**SIGNIFICANCE**

Approval of the above actions will assure the District of continued analytical laboratory services that provide detailed analysis and evaluation of samples of used lubricating oil, hydraulic fluid and new diesel fuel products used in District revenue vehicles. Such analysis can detect abnormal levels of contaminants in these fluids, thereby allowing District vehicle maintenance personnel to identify and target the problem area and take corrective action. The program is an important part of the District's vehicle preventative maintenance program and reduces the potential for emergency road calls and out-of-service revenue vehicles.

**BUDGET IMPACT**

Funding for the contract is available under previously approved and projected operating budgets.

**BACKGROUND**

Staff advertised the requirements on the District's Web site and in local newspapers. Notifications went out to interested bidders, including disadvantaged business enterprises (DBEs) that were registered in the procurement database. Two proposals were received as follows (none by DBEs):

1. Analysts, Inc., Hawthorne, CA
2. Herguth Laboratories, Inc., Vallejo, CA

An Evaluation Committee comprised of District bus maintenance staff reviewed the proposals and

and ranked them according to the following criteria as stated in the RFP:

- Experience and Qualifications of Firm 20%
- Staffing Plan 15%
- Understanding and Response to Proposal Requirements 20%
- Training 20%
- Cost Proposal 25%

After final evaluation and ranking of proposals, Analysts, Inc. attained the highest consensus ranking.

ANA Laboratories is the District's current contractor at an estimated five-year cost of \$77,679 for the same items and quantities of work. Staff attributes the increased cost for Analysts, Inc.'s services not only to the passage of five-years' time, but also to the fact that ANA Laboratories offered a price five years ago that was unusually low even by 2004 standards. Despite considerable outreach efforts, ANA Laboratories which is under a new family member's management did not submit a proposal in response to the RFP this year.

Contract Officer: Brian Geiger, Contracts & Procurement 650-508-7973  
Project Manager: Detra Dillon, Bus Maintenance Contracts Administrator 650-508-6418

**RESOLUTION NO. 2010 -**

**BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSIT DISTRICT  
STATE OF CALIFORNIA**

\* \* \*

**AUTHORIZING AWARD OF CONTRACT TO ANALYSTS, INC. FOR PROVIDING A  
LUBRICATING OIL AND DIESEL FUEL ANALYSIS PROGRAM  
AT A FIVE-YEAR ESTIMATED COST OF \$99,560**

**WHEREAS**, the San Mateo County Transit District (District) issued a Request for Proposals (RFP) for providing a lubricating oil and diesel fuel analysis program for a five year term; and

**WHEREAS**, the program provides for laboratory analysis and evaluation of the lubricating oil and diesel fuel products used in District revenue vehicles to detect the presence of contaminants, thereby allowing maintenance personnel to take corrective action which reduces the potential for out-of-service vehicles; and

**WHEREAS**, in response to the District's solicitation, two firms submitted proposals; and

**WHEREAS**, an Evaluation Committee reviewed and scored the proposals in accordance with the criteria set forth in the RFP; and

**WHEREAS**, upon completion of the proposal scoring process, the proposal submitted by Analysts, Inc. of Hawthorne, CA received the highest consensus ranking; and

**WHEREAS**, staff and General Counsel have reviewed the proposal submitted by Analysts, Inc. and find that it meets all the requirements of the RFP; and

**WHEREAS**, the General Manager/CEO recommends and the Finance Committee concurs that the contract be awarded to Analysts, Inc.



**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the San Mateo County Transit District awards a contract to Analysts, Inc. for providing a lubricating oil and diesel fuel analysis program for a five-year term, at a total estimated cost of \$99,560, inclusive of all taxes and other costs and expenses; and

**BE IT FURTHER RESOLVED** that the General Manager/CEO is authorized to execute a contract on behalf of the District with Analysts, Inc. in full conformity with all terms and conditions of the solicitation documents.

Regularly passed and adopted this 13<sup>th</sup> day of January, 2010, by the following vote:

AYES:

NOES:

ABSENT:

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Chair, San Mateo County Transit District

ATTEST:

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District Secretary

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

**TO:** Finance Committee

**THROUGH:** Michael J. Scanlon  
General Manager/CEO

**FROM:** Gigi Harrington  
Deputy CEO

C.H. (Chuck) Harvey  
Deputy CEO

**SUBJECT: AWARD OF CONTRACT FOR INDUSTRIAL WASTE DISPOSAL AND  
INDUSTRIAL WASTE EMERGENCY RESPONSE SERVICES**

**ACTION**

Staff proposes that the Committee recommend that the Board:

1. Award a contract to Clean Harbors Environmental Services, Inc., of San Jose, CA, to provide industrial waste disposal and industrial waste emergency response services for a total estimated amount of \$430,110 for a five-year base term
2. Authorize the General Manager/CEO or his designee to execute a contract with Clean Harbors Environmental Services, Inc. in full conformity with the terms and conditions of the solicitation documents and negotiated agreement.

**SIGNIFICANCE**

This contract will provide the District with a dedicated contractor for continued industrial waste disposal and industrial waste emergency response services. The industrial waste disposal services include packaging, removal, transportation and disposal of industrial waste; the industrial waste emergency response services include emergency response and removal of industrial hazardous and non-hazardous wastes generated by the District.

**BUDGET IMPACT**

Funding for this contract has been included in the current and projected operating budgets for Fiscal Year 2010.

**BACKGROUND**

The District's prior contract covering hazardous material handling, transport, recycling, and /or disposal was performed by Romic Environmental Services for \$362,250 over a five-year term. Clean Harbors purchased Romic Environmental Services in August 2007 and assumed the existing terms and conditions of the contract. The contract expired December 2008 and Clean Harbors continued to provide interim services under a purchase order. The proposed contract contains a larger scope of services than the prior contract.

A Request for Proposals (RFP) to provide industrial waste disposal and industrial waste emergency response services was issued detailing the scope of services for the District. The

solicitation was advertised in local newspapers and on the District's Web site. Solicitation notices were also sent to interested firms and disadvantaged business enterprises (DBEs). Three proposals were received (none were from DBEs) as follows:

- Clean Harbors Environmental Services
- Safety-Kleen Environmental Services
- Chico Oil Drain & Environmental Services

An Evaluation Committee (Committee) composed of qualified District staff reviewed and scored the proposals in accordance with the following weighted criteria:

- |  |             |
|--|-------------|
| • Qualifications, experience, capabilities and prior history of Proposer in providing hazardous and non-hazardous waste recycling services, including references | 0-35 points |
| • Background and training qualifications of key personnel  | 0-15 points |
| • Project approach and understanding of proposal requirements  | 0-20 points |
| • Financial viability of firm  | 0-10 points |
| • Cost proposal  | 0-20 points |

The Committee met to review, evaluate, and discuss initial scoring of proposals. The Committee determined that Clean Harbors Environmental Services was responsive and the highest-ranked firm and that an interview with that firm was not necessary. A request for Best and Final Offers was issued to all firms. Clean Harbors was the only firm to respond. The Committee completed the final evaluation and consensus ranking. The Committee determined that Clean Harbors Environmental Services, the highest-ranked firm, is qualified to be selected for contract award. The firm has satisfactorily performed industrial waste disposal and industrial waste emergency response services for the District as well as for the references provided. Negotiations were conducted successfully with Clean Harbors Environmental Services and staff therefore recommends award of contract to this firm.

While there is no DBE participation, Clean Harbors Environmental Services intends to use a subcontractor for antifreeze recycling and disposal. Staff issued surveys to proposers who attended the pre-proposal meeting but did not submit proposals but no responses were received.

Contract Officer: Alicia Fraumeni	650-508-6442
Project Manager: Detra Dillon, Bus Maintenance Contract Administrator	650-508-6418

**RESOLUTION NO. 2010-**

**BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSIT DISTRICT  
STATE OF CALIFORNIA**

\* \* \*

**AUTHORIZING AWARD OF A CONTRACT TO  
CLEAN HARBORS ENVIRONMENTAL SERVICES, INC.  
FOR INDUSTRIAL WASTE DISPOSAL AND INDUSTRIAL WASTE  
EMERGENCY RESPONSE SERVICES FOR A FIVE-YEAR BASE  
TERM AT A TOTAL ESTIMATED COST OF \$430,110**

**WHEREAS**, the San Mateo County Transit District (District) has solicited proposals for Industrial Waste Disposal and Industrial Waste Emergency Response Services for a five-year term; and

**WHEREAS**, in response to the District's Request for Proposals (RFP), three firms submitted proposals; and

**WHEREAS**, an Evaluation Committee has reviewed proposals, received best and final offers, and ranked all the proposals according to the evaluation criteria set forth in the RFP and has determined that Clean Harbors Environmental Services, Inc. of San Jose, California received the highest consensus ranking; and

**WHEREAS**, staff reviewed the Clean Harbors Environmental Services proposal and determined that it complied with the requirements of the solicitation documents; and

**WHEREAS**, the General Manager/CEO has recommended, and the Finance Committee concurs, that a contract for Industrial Waste Disposal and Industrial Waste Emergency Response Services be awarded to Clean Harbors Environmental Services for a five-year term.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the San Mateo County Transit District awards a contract to Clean Harbors Environmental Services, Inc. for Industrial Waste Disposal and Industrial Waste Emergency Response Services, for a five-

year term at a total estimated cost of \$430,110, inclusive of all taxes, and all other costs and expenses; and

**BE IT FURTHER RESOLVED** that the General Manager/CEO, or his designee is authorized to execute a contract on behalf of the District with Clean Harbors Environmental Services, Inc. in full conformity with all of the terms and conditions of the RFP and negotiated agreement in a form approved by Legal Counsel.

Regularly passed and adopted this 13th day of January, 2010 by the following vote:

AYES:

NOES:

ABSENT:

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Chair, San Mateo County Transit District

ATTEST:

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District Secretary

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

**TO:** Finance Committee

**THROUGH:** Michael J. Scanlon  
General Manager/CEO

**FROM:** Gigi Harrington  
Deputy CEO

**SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL  
YEAR ENDING JUNE 30, 2009 – INFORMATION ONLY**

**ACTION**

Staff has attached the District's Comprehensive Annual Financial Report (CAFR) for the 2009 fiscal year for the Finance Committee to present to the Board for informational purposes only. No policy action is required.

**SIGNIFICANCE**

The CAFR is prepared in accordance with the guidelines set forth by the Government Accounting Standards Board and is organized into four sections – Introductory, Financial, Statistical and Single Audit.

- The **Introductory** Section includes a Transmittal Letter and provides general information on the District's structure, personnel, economic outlook and finances.
- The **Financial** Section includes audited financial statements which provide detailed financial information as well as comparative financial data. The Management Discussion & Analysis (MD&A) is also found in the Financial Section. Along with the Transmittal Letter, the MD&A is of most interest to those looking for a narrative annual review of the District's finances.
- The **Statistical** Section provides a broad range of data covering key financial trends including revenue and debt capacity, economic and demographic data and operating information.
- The **Single Audit** Section provides the Independent Auditor's Report on Internal controls and compliance, and the Schedule of Expenditures of Federal Awards and Findings and Recommendations from the Auditors.

Together, all sections of the CAFR provide the detail as well as the perspective with which to assess the District's financial condition.

**BUDGET IMPACT**

There is no impact to the Budget.

## **BACKGROUND**

The District contracts with an independent auditor to conduct yearly audits of the Financial Statements 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 of America. The introductory section and the statistical section presented in the CAFR are not required by California Government Code to be reported as part of the audited financial statements of the District but are required when producing a CAFR which the District chooses to do in order to provide detailed information about the financial condition of the District in a form that is understandable to the tax payers of San Mateo County.

The CAFR is prepared and presented to the Government Finance Officers Association (GFOA) for their review, evaluation and to apply for the certificate of Achievement for Excellence in Financial Reporting which the District has received consistently over the last twenty years.

Prepared by: Patricia Reavey, Director of Finance

650-508-6434

# San Mateo County Transit District

## San Carlos, California



## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009





**San Mateo County**  
**TRANSIT DISTRICT**

**San Carlos, California**

***Comprehensive Annual Financial Report***

**Fiscal Year Ended June 30, 2009**

**Prepared by the Finance Division**

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# *Section I*

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## **INTRODUCTORY**

Letter of Transmittal

GFOA Certificate of Achievement

Board of Directors

Executive Management

Organization Chart

Maps

Table of Credits

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**November 30, 2009**

**To the General Manager/CEO, Board of Directors of the  
San Mateo County Transit District and the Citizens of  
San Mateo County**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the San Mateo County Transit District (District) for the Fiscal Year July 1, 2008 through June 30, 2009. This transmittal letter provides a summary of the District's finances, services, achievements and economic prospects for readers without a technical background in accounting or finance. Readers desiring a more detailed discussion of the District's financial results may refer to the Management's Discussion and Analysis in the Financial Section.

Management assumes sole responsibility for all the information contained in this report, including its presentation and the adequacy of its disclosures. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the District's assets from loss, to identify and record transactions accurately and to compile the information necessary to produce financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed the likely benefits, the District's internal control system intends to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

To test the performance of the internal control system, the District contracted for independent auditing services from Vavrinek, Trine, Day & Company, LLP, a certified public accounting firm licensed to practice in the State of California. The auditor expressed an opinion that the District's financial statements are fairly stated and in compliance with accounting principles generally accepted in the United States of America. This conclusion is the most favorable kind and is commonly known as an "unqualified" or "clean" opinion.

**PROFILE OF THE ORGANIZATION**

***Purpose***

The District is an independent political subdivision of the State of California formed by the California State Legislature on August 14, 1974 and approved by county voters in the following general election. San Mateo County is located on a peninsula south of the City and County of San Francisco, bordered on the west by the Pacific Ocean, on the east by San Francisco Bay and on the south by the counties of Santa Clara and Santa Cruz.



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## **SAN MATEO COUNTY TRANSIT DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT NOVEMBER 30, 2009**

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The overall purpose of the District is to plan, develop, finance and operate a modern, coordinated system of transportation that offers access to the many facets of San Mateo County and promotes sound growth and economic development for the region. The District provides bus transit services throughout San Mateo County, north into downtown San Francisco, and south to Palo Alto in Santa Clara County. The District also operates a paratransit service and funds shuttles, connecting rail stations to employment centers. In addition, this system works cohesively with other transportation services in the San Francisco Bay Area. No other organization within San Mateo County has a similar scope of responsibility for public transportation.

### ***Entity***

The District is a legally separate and financially independent entity that is not a component unit of San Mateo County or any other organization. While the District administers various activities on behalf of other agencies, such as the Peninsula Corridor Joint Powers Board (JPB), which operates Caltrain, and the San Mateo County Transportation Authority (TA), these agencies have their own separate corporate identity and governance, and they are not component units of the District. Therefore, this CAFR and the financial statements contained within represent solely the activities, transactions and status of the District.

### ***History***

On January 1, 1975, the District began consolidating 11 separate municipal bus systems and initiated local bus service where none existed. By July 1976, the District had established a viable network of local bus service throughout a 446 square-mile service area in San Mateo County. In mid-1977, the District added mainline service between Palo Alto and downtown San Francisco through a contract with Greyhound Lines, Inc. and also inaugurated its Redi-Wheels demand-response service for the mobility impaired. During its history of operations, the District has provided transportation to special events such as the Democratic National Convention, the Major League Baseball All Star Game, the National Football League Super Bowl, the Major League Baseball World Series, World Cup Soccer and the American Public Transportation Association's Commuter Rail Conference.

The District has fought throughout its history to preserve passenger rail service along the San Francisco Peninsula and it led a successful campaign in 1978 to avoid an impending decision by the Southern Pacific Railroad to end service. Two years later, the California Department of Transportation negotiated a purchase of service agreement with the Southern Pacific to continue to operate the commuter rail service under the name "Caltrain" while the local counties determined if they could assume control of Caltrain. As a result, the Peninsula Corridor Joint Powers Board was formed with the three member agencies: City and County of San Francisco, San Mateo County Transit District and Santa Clara Valley Transportation Authority. The JPB purchased the Southern Pacific right of way and selected the District as the managing agency for Caltrain passenger service. In 1992, the JPB contracted with Amtrak to operate trains not only between San Francisco and San Jose, but also to Gilroy, approximately 30 miles south of San Jose.

### ***Governance***

A nine-member Board of Directors governs the District. The publicly-elected County Board of Supervisors appoints two of its own members and an individual with transportation expertise to the District board. The mayors of the cities throughout the county appoint three elected city officials, bringing the District board membership to six. These six members then select the remaining three board members from the general public, one of which must be a coastal resident, due to a geographical diversity policy in place for public members. The Board of Directors meets once a month to determine overall policy for the District. In addition, the Board has created a 15-member Citizens Advisory Committee (CAC) with the principal objective of articulating the interests and needs of current and future customers.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

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***Administration***

The District operates through divisions and departments under the direction of the Executive Department.

The *General Manager/CEO and the office of the District Secretary* are responsible for directing and overseeing all divisions, as well as providing support to the Board of Directors.

The *Finance and Administration Division* is responsible for financial accounting and reporting, capital and grant administration and budgeting, operational budgeting, payroll and vendor disbursement, fare collection, investment and cash management, debt management, revenue control, purchasing, contract administration, risk management, information technology, security, safety and human resources.

The *Operations, Engineering and Construction Division* is responsible for SamTrans bus service, Caltrain rail service, employer and other shuttles, paratransit service pursuant to the requirements of the Americans with Disabilities Act (ADA), service planning and quality assurance, managing all capital projects, including right-of-way maintenance, from conceptual engineering planning through construction and acceptance.

The *Office of Peninsula Rail Program* is responsible for working in conjunction with the High Speed Rail Authority to implement the Peninsula Rail Program along the Caltrain corridor.

The *Office of Planning and Development* is responsible for strategic planning and performance and property management.

The *Office of Public Affairs* is responsible for public information, media relations, legislative activities and community outreach.

The *Office of Customer Service and Marketing* is responsible for customer service, marketing, sales, advertising, and distribution services.

***Budgetary Controls***

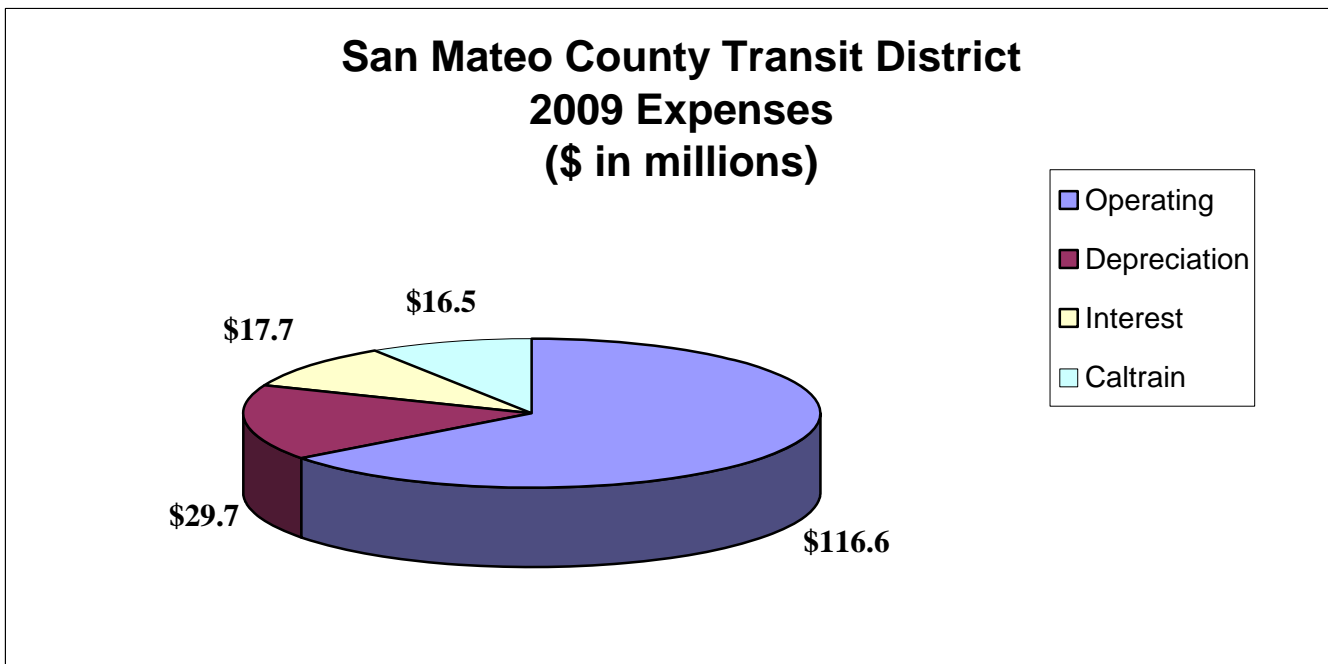
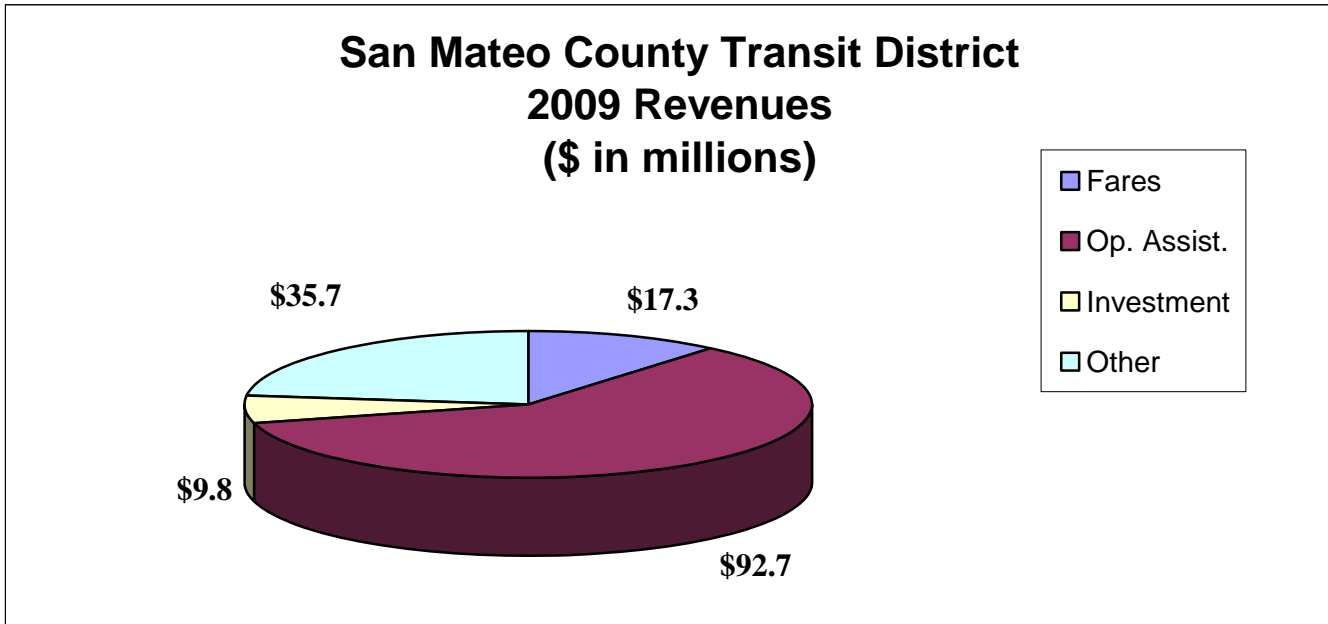
State law requires the District to adopt an annual budget by resolution of the Board of Directors. In the spring preceding the start of each fiscal year, staff presents an annual budget based on established agency goals, objectives and performance measures to the Board of Directors. The presentation may recommend using financial reserves to balance the budget when proposed expenditures exceed projected revenues. The Board of Directors monitors budget-to-actual performance through monthly staff reports. The Financial Section of this report includes a supplemental schedule that compares actual results on a budgetary basis of accounting to the final adopted budgets.

Once adopted, the Board of Directors has the authority to amend the budget. While the legal level of budgetary control is at the entity level, the District maintains stricter control at division, departmental and line item levels to serve various needs. Cost center managers monitor budget-to-actual performance monthly on an accrual basis. The Board has delegated the authority to transfer budget amounts between divisions and departments to the General Manager/CEO or his designee. However, any increase to the expenditure budget as a whole requires the approval of the Board. In addition, the District uses the encumbrance system to reduce budget balances by issuing purchase orders to avoid over-commitment of resources.

The District employs the same basis and principles for both budgeted and actual revenues and expenses, except that actual proceeds from the sale of fixed assets, unrealized investment gains and losses and inter-fund transfers

**SAN MATEO COUNTY TRANSIT DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 NOVEMBER 30, 2009**

are not included in the budget. As a special purpose organization, the District is not subject to the State of California's Gann Act requiring adherence to an annual appropriation limit. The following pie charts show actual results of the major revenue and expense categories for fiscal year 2009.



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## **SAN MATEO COUNTY TRANSIT DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT NOVEMBER 30, 2009**

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The District anticipates continuing the transition it initiated several years ago from a local and long-haul bus operator to a more diversified enterprise encompassing bus, rail, paratransit, shuttle and other transportation modes. The Association of Bay Area Governments (ABAG) projections assume there will be intensified population growth along the El Camino Real Corridor, parallel to the Caltrain line. It also is assumed that there will be higher density development in all cities along this corridor which is expected to increase demand for transportation services.

In addition to providing local transportation for municipalities, the District has committed significant resources to support other transportation modes. These include Caltrain rail services and shuttle bus service to and from the Caltrain and BART stations. Dedicated bus shuttles distributing rail patrons to regional employers will become vital over the next 20 years, as local agencies are encouraged to implement Transportation Systems Management plans designed to reduce highway congestion and improve air quality. Continuing a 33-year history of serving San Mateo County residents with mobility impairments, the District also expects to meet an expanding demand for these services through a variety of paratransit activities.

While operating funding sources are scarce, capital funding is available to support a bus acquisition program consistent with the District's fleet modernization standards. Each year, the District identifies and prioritizes capital improvements for bus operations that are consistent with established short-range and long-range plans.

### **CURRENT PROGRAMS**

#### ***Motor Bus Operations***

The District designs its service to meet the needs of Peninsula travelers with hundreds of daily trips along the Bayshore corridor between Palo Alto and downtown San Francisco. In addition, San Francisco service is provided along El Camino Real and Mission Street in the north area of San Mateo County. The buses also serve San Francisco International Airport (SFO), Caltrain and BART stations and stops in the 20 cities that make up San Mateo County.

In response to ridership and revenue declines suffered during the weak economy, the District reduced its bus operation from 60 routes to 58 routes in 2003. An additional four routes were eliminated in 2004 concurrent with the opening of the BART Extension to SFO and one route was added in the same year. In 2008, one route was eliminated bringing the current total to 54 routes. Fixed-route bus ridership peaked in San Mateo County at 19.0 million in Fiscal Year 1998, but has since declined to 15.0 million in 2009. In order to address the District's Fiscal Year 2010 budget shortfall, the Board of Directors recently voted to implement a 7.5 percent reduction in service. This reduction includes the elimination of seven routes, a reduction in frequency of some service and adds one new route to connect Foster City with the Millbrae Transit Center. These reductions will be implemented in December 2009.

The safety and maintenance improvement programs have produced extremely successful results. The safety program includes sensitivity training to familiarize operators with the special needs of mobility impaired passengers. Many bus operators have received safe-driving awards for up to 30 years of driving without an at-fault accident. The maintenance program has consistently improved the average time between vehicle breakdowns from year to year and is proficient at re-powering vehicles, a task rarely undertaken by other transit operators.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
NOVEMBER 30, 2009**

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***Caltrain Administration***

Since 1992, the District has served as staff to the JPB that operates commuter rail service on a 77-mile corridor between San Francisco in the north and Gilroy in the south. In September 2003, Caltrain instituted a “proof-of-payment” fare collection system that has increased internal controls and freed conductors from onboard ticket sales, allowing them to focus more on customer service and safety. In June 2004, Caltrain introduced limited-stop, express service, dubbed “Baby Bullet,” that reduced travel time between San Jose and San Francisco from an hour-and-a-half to just under an hour. Also in June 2004, Caltrain resumed weekend service that had been discontinued for nearly two years to allow for right of way improvements in preparation for the Baby Bullet Service. After many years of planning, Caltrain broke ground on a centralized equipment maintenance and operations facility in November 2004 that consolidated several geographically separate facilities, increasing efficiency. The grand opening of this facility occurred in September 2007.

In 2009, the JPB signed an agreement with the California High Speed Rail Authority (CHSRA) to establish an initial organizational framework where the CHSRA and the JPB will plan, design and construct improvements along the Caltrain corridor that will accommodate and serve the needs of High Speed Rail (HSR) and Caltrain. The Peninsula Rail Program was established to integrate Caltrain’s plans towards ensuring a vital commuter rail system throughout the 21<sup>st</sup> century, with the program to be implemented by the CHSRA on the Caltrain corridor. A number of projects that will support Caltrain’s service enhancements and interface with the eventual operation of HSR service on the corridor include but are not limited to Electrification, Positive Train Control, Terminal Station Upgrades and Grade Separations.

The strategic vision offers the opportunity for Caltrain to define itself as a preferred transportation service provider in an environment where the limits of the railroad infrastructure will soon be reached. Caltrain anticipates that there is additional latent demand yet to be captured and that adding system capacity during peak hours with increased frequency and reduced travel time will attract a significant number of new riders. Towards this goal, JPB staff issued farebox revenue bonds in October 2007 to fund eight new Bombardier rail cars which have been placed in service.

District staff produces a separate CAFR for the JPB, and readers may obtain this report upon request.

***San Mateo County Transportation Authority***

The District provides staff and support for the TA, which administers funds from a half-cent county sales tax authorized by voters in 1988 and extended in November 2004 by voters through 2033. Together with a series of highway projects, the TA invests in Caltrain capital improvements and a paratransit trust fund to provide services for the mobility impaired, as well as allocates funds for Alternative Congestion Relief programs aimed at reducing highway congestion and air pollution.

District staff produces a separate CAFR for the TA that readers may obtain upon request.

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***Paratransit Services***

The District provides accessible transportation services throughout San Mateo County with fixed-route, Redi-Wheels and RediCoast services. The entire fleet of fixed-route buses is equipped with wheelchair lifts or ramps and kneeling feature to make boarding easier. For some seniors and many persons with disabilities who cannot use fixed-route buses, Redi-Wheels and RediCoast are the only means of transportation available. In the fiscal year ending June 30, 2009, Redi-Wheels and RediCoast vehicles and contracted taxis provided a total of 208,545 hours of service to 322,138 customers.

**FACTORS AFFECTING FINANCIAL CONDITION**

***Local Economy***

The economy in San Mateo County is feeling the effects of a deepened recession. The District's sales tax receipts, after steadily increasing from 2004 through 2008 surpassing record high levels, dropped significantly by 12.6 percent in 2009. Recovery from this recession is likely to begin in late 2010. Some positive indicators include a recent consumer confidence survey in the state of California which shows that consumers are somewhat less pessimistic about the economy, monthly job losses have declined over the last couple of months and the housing market has shown signs of stabilizing as mortgage rates are down making housing more affordable. However, this recovery is expected to move very slowly.

In addition to the economic effect of the recession, the District faces a significant structural deficit in its operating budget. Both the federal and state governments drastically reduced operating subsidies in response to budget pressures of their own. Also, fare revenue for the District's core business, local bus service, has not recovered to the record high levels experienced in 1998. Finally, additional inflationary strains are being experienced on the growing level of expenses. These trends are challenging the District to re-examine its business model in terms of the needs of its customers versus its fiscally constrained operating budget.

Even in these recessionary times, San Mateo County remains one of the wealthiest counties in California. With significant employment in diverse industries, San Mateo County is not dependent on any one employment sector for its prosperity. This broad base will help to ensure long-term stability for San Mateo County residents.

***Cash Management***

The Board of Directors has adopted an investment policy as prescribed by the California Government Code. This policy emphasizes safety and liquidity over return on investment. Within these parameters, the District pursues a prudent cash management and investment program to achieve maximum return on all available funds. The District's policy is to hold securities to maturity to avoid losses from a potential sale but will sell securities prior to maturity when prudent to do so. All of the District's unrestricted cash and investments as of June 30, 2009, were on deposit in various accounts with U.S. Bank, Bank of America, the Bank of New York, or the California State Treasurer's Local Agency Investment Fund. All deposits are either insured by the Federal Deposit Insurance Corporation or covered by collateral.

***Risk Management***

The District retains an independent consultant to conduct an annual actuarial study. The District coordinates its yearly insurance program through its broker of record, which currently provides liability and property damage per occurrence coverage of \$100,000,000 in excess of \$1,000,000 self-insured retention. The Risk Management department monitors the insurance program as well as reserves established by the District's contracted third party liability claims.

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***Pension and Other Post-employment Benefits***

The District provides pension and post-retirement health benefits to its employees through the California Public Employees' Retirement System (CalPERS). Pension benefits are provided according to a defined benefit formula based on 2 percent of annual compensation for each year of service at age 55. Pursuant to its employee benefits policy, the District is responsible for both the employer and employee contributions to CalPERS retirement. In Fiscal Year 2009, the District also established a trust fund through the California Employer's Retiree Benefit Trust (CERBT) Program to fund Other Post-employment Benefits (OPEB).

**ACKNOWLEDGMENTS AND AWARDS**

The staff and contracted firms of the District bring an effective combination of skill, experience and dedication to carrying out the District's mission. Together, they plan, develop and finance the creation of a modern, coordinated multimodal transportation system offering convenient access to the many attributes of the Bay Area and beyond. Although we have concerns about the current prolonged recession, the District expects the continued zeal and dedication of its transit professionals to meet the transportation challenges of the future.

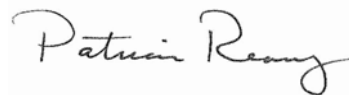
The Government Finance Officers Association (GFOA) recognized the District's 2008 CAFR for excellence in financial reporting and the Certificate of Achievement appears immediately following this transmittal letter. To be awarded a certificate, a report must be easy to read and efficiently organized, while satisfying both generally accepted accounting principles and applicable legal requirements. We believe our fiscal year 2009 CAFR also meets the requirements for a Certificate of Achievement and have submitted it to the GFOA for evaluation. We would like to thank our independent audit firm Vavrinek, Trine, Day & Co, LLP, for its timely and expert guidance in this matter.

A CAFR requires the dedicated effort of many individuals working together as a team. We extend our grateful recognition to all the individuals who assisted in both the preparation of this report and the processing of financial transactions throughout the fiscal year. Finally, we wish to thank the General Manager/CEO and the Board of Directors for their interest and support in the maintenance and development of a reliable financial management and reporting system.

Respectfully submitted,



**Virginia Harrington**  
Deputy CEO



**Patricia Reavey**  
Director of Finance

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**San Mateo County  
Transit District, California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. R.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director



## **BOARD OF DIRECTORS**

**ZOE KERSTEEN-TUCKER, Chair**

**ROSE GUILBAULT, Vice Chair**

**MARK CHURCH**

**JERRY DEAL**

**SHIRLEY HARRIS**

**JIM HARTNETT**

**ARTHUR L. LLOYD**

**KARYL MATSUMOTO**

**ADRIENNE TISSIER**

**ZOE KERSTEEN-TUCKER**, public member and representative of the Coastal area, was appointed by the District Board of Directors in March 2006. Ms. Kersteen-Tucker currently serves as Chair. She holds a doctoral degree in experimental neuropsychology from University of California, Berkeley. Ms. Kersteen-Tucker is principal owner of Pacific Development Associates which specializes in leading and training nonprofit executives and boards.

**ROSE GUILBAULT**, public member, was appointed by the San Mateo County Transit District Board of Directors in March 2006. She is Vice President of Corporate Affairs and Publishing for California State Automobile Association, the AAA affiliate of Northern California, Nevada and Utah. Ms. Guilbault was nominated by Governor Schwarzenegger to serve on the Community College Board of Governors. She is also author of "Farmworker's Daughter: Growing up Mexican in America", a childhood memoir.

**MARK CHURCH**, was appointed by the San Mateo County Board of Supervisors in 2009. Mr. Church was elected to the Board of Supervisors in March 2000 and re-elected in March 2004. He represents the First District, which includes the cities of San Mateo, Hillsborough, Millbrae, San Bruno, South San Francisco, and unincorporated Burlingame Hills, Highlands/Baywood, and the San Francisco Airport. He also serves as a member of the governing body of the Peninsula Corridor Joint Powers Board. Mr. Church is a member of the California Bar and has been in private practice for over 20 years. In 1982, he established the law firm of Church and Associates in Millbrae

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**JERRY DEAL**, Cities Selection Committee appointee for the central portion of San Mateo County, was appointed by the City Selection Committee in April 2009. Mr. Deal has been a member of the City Council of the City of Burlingame since 2007. Mr. Deal is principal owner of J Deal Associates, a residential design firm based in Burlingame.

**SHIRLEY HARRIS**, public member, was appointed by the District Board of Directors in January 1994 and served as the chair of the Board of Directors in 1996 and in 2001. Ms. Harris has more than 25 years of experience in telecommunications and human resource management. She is a long-time resident of Daly City.

**JIM HARTNETT**, Cities Selection Committee appointee for the southern portion of San Mateo County, was appointed by the Cities Selection Committee in December 2002. Mr. Hartnett has been a member of the City Council of Redwood City since 1994. He also serves as a member of the governing body of the Peninsula Corridor Joint Powers Board. Mr. Hartnett is an attorney with a practice in Redwood City.

**ARTHUR L. LLOYD**, “Transit Expert” member, was appointed by the San Mateo County Board of Supervisors in February 1988. Mr. Lloyd also serves as a member of the governing body of the Peninsula Corridor Joint Powers Board. Prior to his retirement, Mr. Lloyd owned a charter bus company and a travel agency and held several positions at Amtrak.

**KARYL MATSUMOTO**, Cities Selection Committee Appointee for the northern portion of San Mateo County was appointed by the Cities Selection Committee in February 2007. Ms. Matsumoto was elected to the City of South San Francisco City Council in November 1997. She is a native Californian and has lived in South San Francisco for 27 years.

**ADRIENNE TISSIER**, was appointed by the San Mateo County Board of Supervisors in January 2005. Ms. Tissier represents the Fifth District, which includes the cities of Brisbane, Colma, Daly City South San Francisco, and unincorporated Broadmoor Village. Ms. Tissier also represents the county on the Metropolitan Transportation Commission (MTC), a regional transportation financing body. She is MTC's 2009-2011 vice chair.

## **EXECUTIVE MANAGEMENT**

### **GENERAL MANAGER/CEO**

Michael J. Scanlon

### **EXECUTIVE TEAM**

Virginia Harrington – Deputy CEO

C. H. (Chuck) Harvey – Deputy CEO

Rita Haskin – Executive Officer, Customer Service and Marketing

Marian Lee – Executive Officer, Planning and Development

Mark Simon – Executive Officer, Public Affairs

Bob Doty – Peninsula Rail Program Director

Martha Martinez – District Secretary

### **GENERAL COUNSEL**

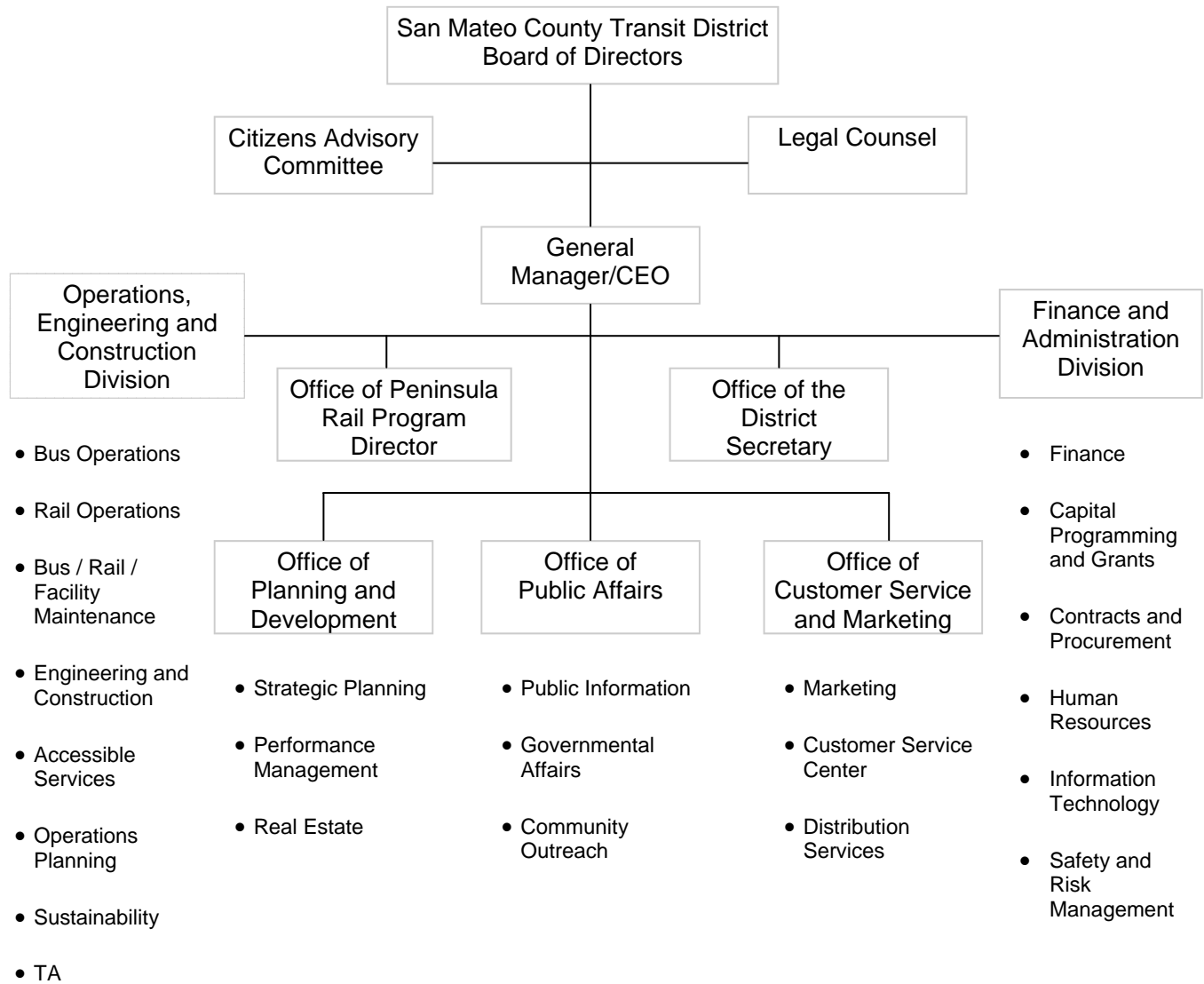
Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP:

David J. Miller, Esq.

Joan Cassman, Esq.

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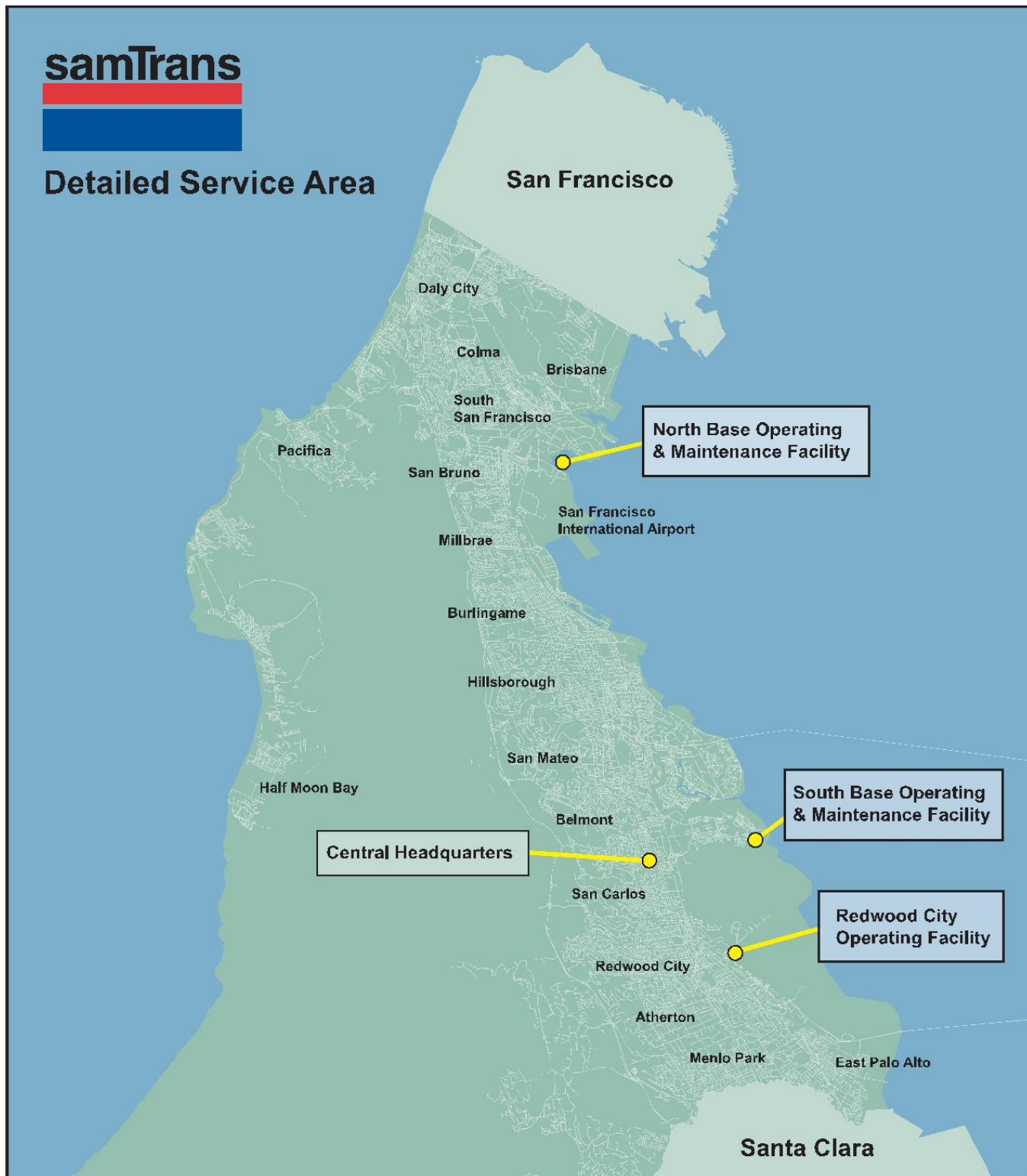
**ORGANIZATION CHART**



### San Mateo County, California



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**TABLE OF CREDITS**

The following individuals contributed to the production of the Fiscal Year 2009 Comprehensive Annual Financial Report:

**Finance:**

Manager, Budgets	Eva Goode
Manager, General Ledger	Rima Lobo
Manager, Treasury	Lori Snow
Senior Accountant	Jeannie Chen
Senior Budget Analyst	Christina Tang
Senior Systems Accountant	Angustia Pacumio

**Audit Firm:**

Partner	Leonard Danna
Partner	Ahmad Gharaibeh

# *Section II*

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## **FINANCIAL**

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements and Notes

Required Supplementary Information

Supplementary Information and Notes





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
San Mateo County Transit District

We have audited the accompanying basic financial statements of the San Mateo County Transit District (District), as of and for the fiscal years ended June 30, 2009 and 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2009 and 2008 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedule of funding progress listed in the table of contents are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section, supplementary information, statistical section and Schedule of Expenditures of Federal Awards listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the District. The supplementary information and Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

*Varrinck Trime Day + Co. LLP*

Palo Alto, California  
November 30, 2009

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

This discussion and analysis of the San Mateo County Transit District's (District) financial performance provides an overview of the District's activities for Fiscal Year 2009 with comparisons to the prior two fiscal years. We encourage readers to consider the information presented here in conjunction with the transmittal letter contained in the Introductory Section and with the statements and related notes contained in the Financial Section.

### **FINANCIAL HIGHLIGHTS**

- At June 30, 2009, total assets stand at \$500.7 million, a decrease of \$18.2 million or 3.5 percent compared to June 30, 2008. The 2009 decrease was mainly due to the disposition of fixed assets. At June 30, 2008, total assets stand at \$518.9 million, a decrease of \$9.2 million or 1.7 percent compared to June 30, 2007. The Fiscal Year 2008 decrease was primarily due to a decrease in cash and cash equivalents.
- At June 30, 2009, total liabilities were \$366.9 million, a decrease of \$4.3 million or 1.2 percent compared to June 30, 2008. The 2009 decrease was mainly due to a reduction in long-term debt. At June 30, 2008, total liabilities were \$371.3 million, an increase of \$2.9 million or 0.8 percent compared to June 30, 2007. Other Post-employment Benefits (OPEB) and other noncurrent liabilities account for the majority of the increase in fiscal year 2008.
- For Fiscal Year 2009, passenger fares were \$17.3 million, an increase of \$0.1 million or 0.7 percent compared to Fiscal Year 2008. The 2009 increase was due to fare increase. For Fiscal Year 2008, passenger fares were \$17.2 million, an increase of \$0.4 million or 2.2 percent compared to Fiscal Year 2007. The increase in Fiscal Year 2008 was the result of a slight increase in ridership.
- In Fiscal Year 2009, total operating expenses were \$116.6 million, a decrease of \$1.0 million or 0.8 percent compared to Fiscal Year 2008. The decrease in 2009 was mainly due to the allocation of OPEB obligation costs based on funding. In Fiscal Year 2008, total operating expenses were \$117.5 million, an increase of \$9.4 million or 8.7 percent compared to Fiscal Year 2007. The increase in Fiscal Year 2008 was primarily due to the implementation of GASB Statement No. 45 and the resulting recognition of OPEB obligations.
- For Fiscal Year 2009, nonoperating revenues net of nonoperating expenses was \$104.0 million, an increase of \$4.0 million or 4.0 percent compared to 2008. The 2009 increase was due to the receipt of the \$25.0 million corpus of the paratransit trust fund from the TA offset by a reduction in operating assistance. In Fiscal Year 2008, nonoperating revenues net of nonoperating expenses were \$100.0 million, an increase of \$0.9 million or 0.9 percent compared to Fiscal Year 2007. The 2008 increase was mainly due to a decrease in BART operating support.
- At June 30, 2009, net assets were \$133.8 million, a decrease of \$13.9 million or 9.4 percent from June 30, 2008. The 2009 decrease was mostly due to a reduction in operating assistance, specifically Transportation Development Act, State Transit Assistance and sales tax funding. At June 30, 2008, net assets were \$147.7 million, a decrease of \$12.1 million or 7.6 percent from June 30, 2007. The decrease in fiscal year 2008 is mainly due to the implementation of GASB Statement No. 45, which required the District to book an additional \$2.3 million in accrued expenses in addition to inflationary increases in expenses.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Financial Section of this report presents the District's financial statements as two components: basic financial statements, and notes to the financial statements. It also includes other supplemental information in addition to the basic financial statements themselves.

## **Basic Financial Statements**

The *Statement of Net Assets* presents information about assets and liabilities with the difference between the two reported as *net assets*. The change in net assets over time is an indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets* reports how net assets have changed during the year and presents a comparison between operating revenues and operating expenses. Operating revenues and expenses are related to the District's principal business of providing bus transit services. Operating expenses include the cost of direct services to passengers, administrative expenses, contracted services and depreciation on capital assets. All other revenues and expenses not included in these categories are reported as nonoperating.

The *Statement of Cash Flows* reports inflows and outflows of cash and is classified into four major components:

- *Cash flows from operating activities* which includes transactions and events reported as components of operating income in the statement of revenues, expenses and changes in net assets.
- *Cash flows from non-capital financing activities* which includes operating grant proceeds as well as operating subsidy payments from third parties.
- *Cash flows from capital and related financing activities* which arise from the borrowing and repayment (principal and interest) of capital-related debt, the acquisition and construction of capital assets and the proceeds of capital grants and contributions.
- *Cash flows from investing activities* which includes the proceeds from the sale of investments and receipt of interest. Outflows in this category include the purchase of investments.

## **Notes to the Financial Statements**

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements and are found immediately following the financial statements to which they refer.

## **Other Information**

This report also presents certain required supplementary information in accordance with the requirements of GASB Statements No. 25 and No. 45 providing information about the status of the District's unfunded actuarial accrued liability for its public employee retirement system and other post-employment benefits. Additional supplementary information and associated notes concerning compliance with the District's annual budget appear immediately following the required supplementary information.

## **Analysis of Basic Financial Statements**

In Fiscal Year 2009, total assets were \$500.7 million, a decrease of \$18.2 million or 3.5 percent compared to June 30, 2008. In Fiscal Year 2008, total assets were \$518.9 million, a decrease of \$9.2 million or 1.7 percent compared to June 30, 2007. Total current assets decreased \$9.3 million or 9.4 percent to \$89.3 million on June 30, 2009 from \$98.7 million on June 30, 2008 mostly due to a decrease in sales tax revenues resulting in a decrease of cash and decreased of \$12.1 million or 10.9 percent at June 30, 2008 compared to June 30, 2007. Capital assets – net of depreciation, contribution to BART – net of amortization and other non-current assets combined, decreased by \$8.9 million or 2.1 percent in 2009 and increased by \$2.9 million or 0.7 percent in 2008.

**SAN MATEO COUNTY TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

Capital assets net of accumulated depreciation decreased by \$12.2 million or 8.3 percent to \$135.3 million at June 30, 2009 compared to 2008 and \$0.2 million or 0.1 percent in 2008 compared to 2007. Land and right of way, buses and related equipment, and building and related improvements comprise most of the District's capital assets.

In 1998, the District entered into a comprehensive agreement with BART to extend its system into San Mateo County. BART was responsible for constructing and operating new stations in the cities of South San Francisco, San Bruno and Millbrae and at the San Francisco International Airport. The District made capital contributions towards a portion of the construction costs and assumed financial responsibility for the operating results of these stations. In 2007, the District amended its agreement with BART whereby BART assumed sole operational responsibility for the San Francisco Airport extension project. Under the terms of the new agreement, the District was relieved from all obligations to pay operating or capital costs associated with the San Francisco Airport extension project and BART was relieved of the \$72 million liability for the contribution made by the District to fund the San Francisco Airport extension project. The District treated the \$72 million as a capital contribution with a 30-year life from its payment date to be consistent with all previous capital contributions to BART.

The amortized capital contribution to BART decreased by \$6.4 million or 4.2 percent to \$145.0 million in Fiscal Year 2009 compared to Fiscal Year 2008 and decreased by \$7.3 million or 4.6 percent in Fiscal Year 2008 compared to Fiscal Year 2007. Additional discussion of the District's transactions with BART can be found in *Note #5 - Bay Area Rapid Transit (BART) District Extension Agreements* in the *Notes to the Financial Statements*.

**SAN MATEO COUNTY TRANSIT DISTRICT  
NET ASSETS  
(in thousands)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current Assets	\$ 89,346	\$ 98,669	\$ 110,734
Capital assets, net of depreciation	135,280	147,455	147,640
Contribution to BART, net of amortization	145,021	151,451	158,729
Other noncurrent assets	131,096	121,352	110,995
<b>Total assets</b>	<u>500,743</u>	<u>518,927</u>	<u>528,098</u>
Current liabilities	26,990	24,921	24,641
Long-term debt	323,451	331,195	337,805
Other noncurrent liabilities	16,499	15,154	5,919
<b>Total liabilities</b>	<u>366,940</u>	<u>371,270</u>	<u>368,365</u>
Net assets			
Invested in capital assets, net of related debt	(46,833)	(35,006)	(33,619)
Restricted	28,058	3,517	3,569
Unrestricted	152,578	179,146	189,783
<b>Total net assets</b>	<u>\$ 133,803</u>	<u>\$ 147,657</u>	<u>\$ 159,733</u>

In Fiscal Year 2009, total liabilities were \$366.9 million, a decrease of \$4.3 million or 1.2 percent compared to Fiscal Year 2008. The 2009 decrease was mainly due to scheduled payments of principal on long-term debt. In

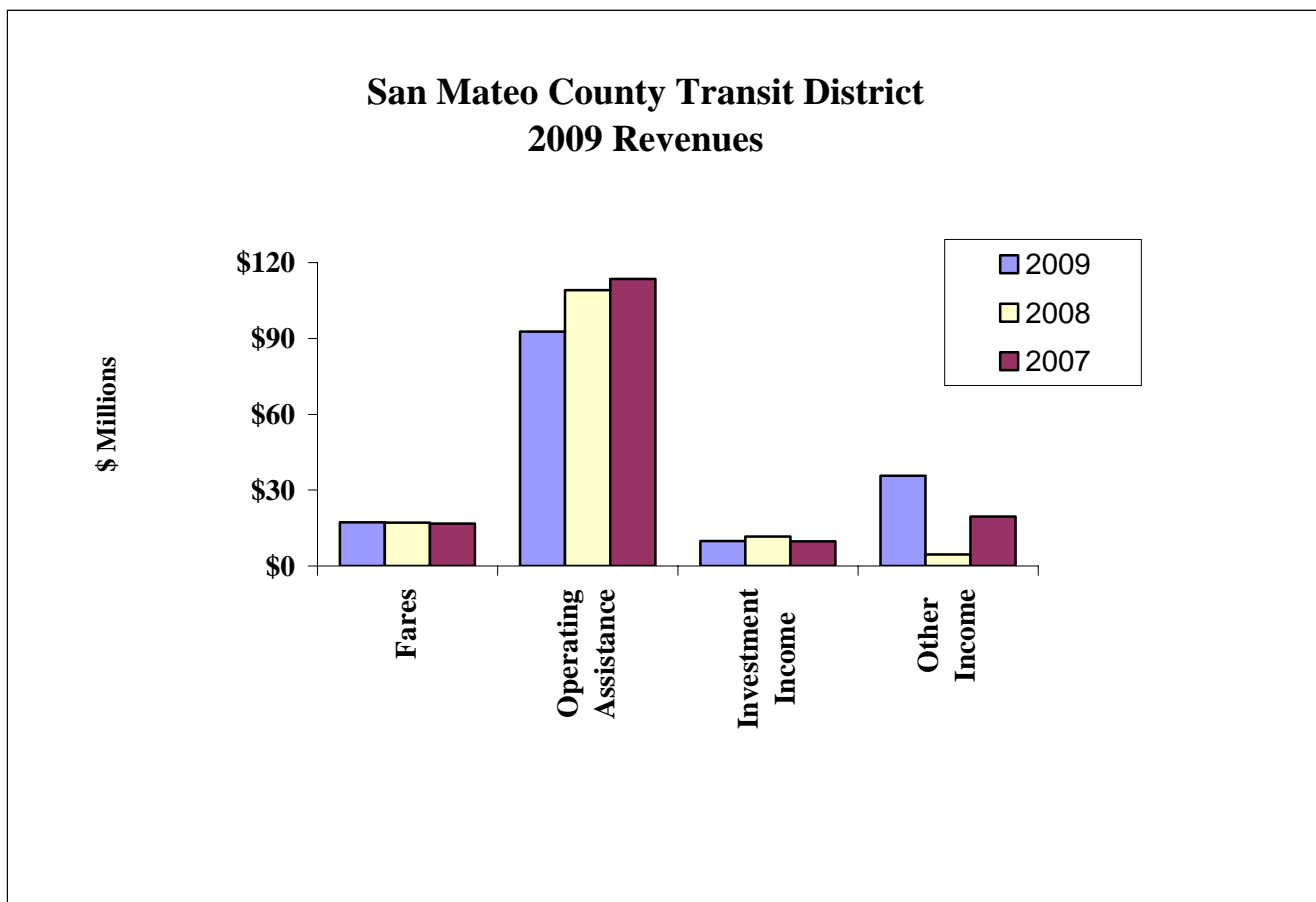
**SAN MATEO COUNTY TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

Fiscal Year 2008, total liabilities were \$371.3 million, an increase of \$2.9 million or 0.8 percent compared to 2007. An increase in other non-current liabilities related to a property acquisition accounts for the majority of the increase in Fiscal Year 2008.

At June 30, 2009, net assets of \$133.8 million were \$13.9 million or 9.4 percent less than the \$147.7 million at June 30, 2008 and were \$12.1 million or 7.6 percent less on June 30, 2008 compared to \$159.7 million at June 30, 2007. The (\$46.8) million invested in capital assets net of related debt at June 30, 2009 were (35.0) percent of the total net assets. Total restricted net assets at June 30, 2009 were \$28.1 million or 21.0 percent of total net assets. The remaining \$157.6 million of total net assets at June 30, 2009 were unrestricted and represented 114.0 percent of total net assets.

**Revenue Highlights**

Operating revenues generated from passenger fares of \$17.3 million increased by \$0.1 million or 0.7 percent during Fiscal Year 2009 compared to Fiscal Year 2008 and increased by \$0.4 million or 2.2 percent in Fiscal Year 2008 compared to Fiscal Year 2007. This change was the result of a fare increase in 2009 and a slight increase in ridership for both fiscal years.



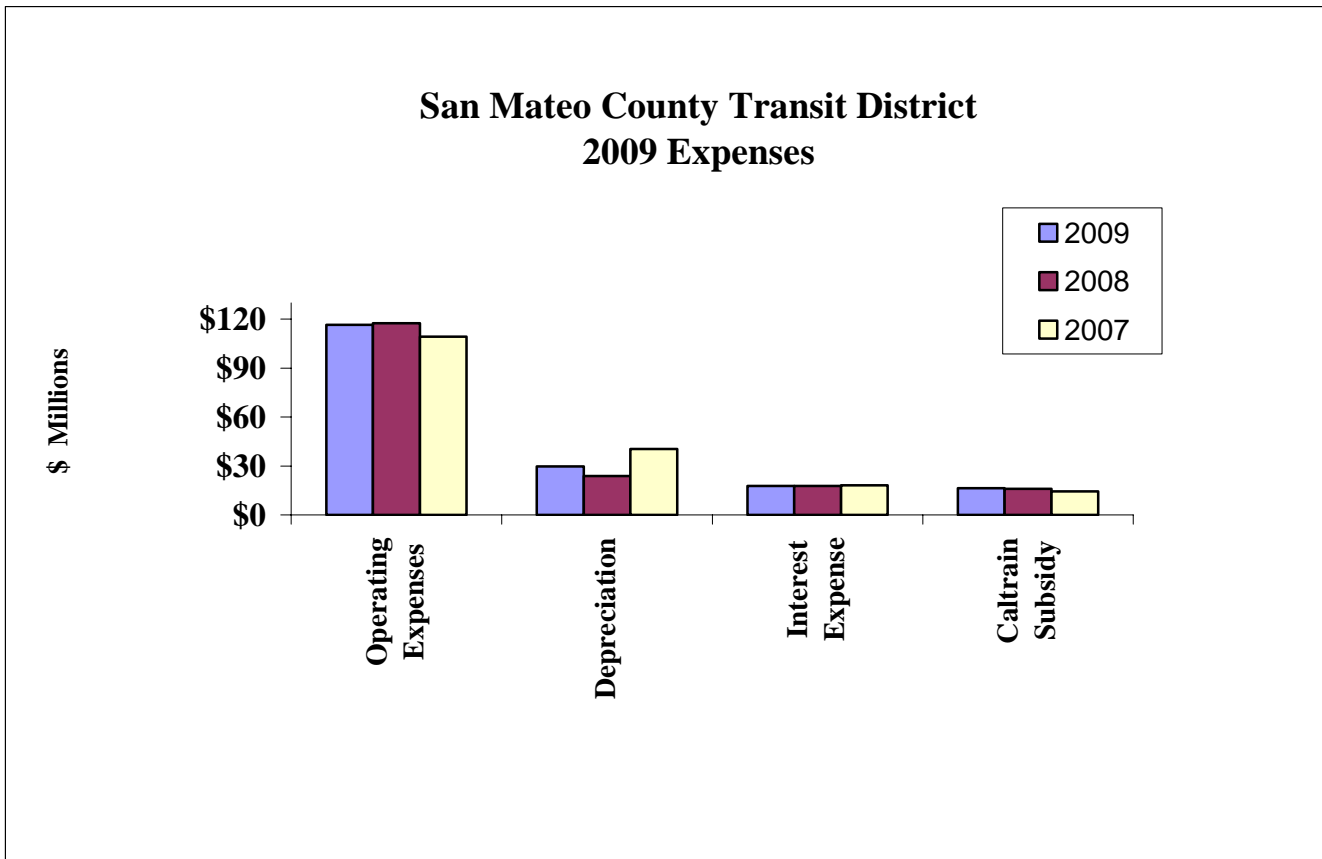
In Fiscal Year 2009, nonoperating revenues increased by \$4.4 million or 3.3 percent to \$138.2 million. This increase was mostly due to the transfer of \$25 million corpus of the paratransit trust fund to the District from the TA. Operating assistance of \$92.7 million accounted for the majority of fiscal year 2009 nonoperating revenues.

**SAN MATEO COUNTY TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

This amount consisted of 56.4 percent from transaction and use tax, 33.0 percent from local transportation funds, 6.9 percent from federal assistance and 3.7 percent from Measure A, state transit assistance and AB434 funds combined.

**Expense Highlights**

In Fiscal Year 2009, total operating expenses were \$116.6 million, an increase of \$1.0 million or 0.8 percent compared to Fiscal Year 2008. In Fiscal Year 2008, total operating expenses were \$117.5 million, an increase of \$9.4 million or 8.7 percent compared to Fiscal Year 2007. Total operating expenses in 2009 consisted of \$62.7 million or 53.8 percent for wages and benefits, \$33.4 million or 28.6 percent for contract operations and other services, and \$20.5 million or 17.6 percent for materials, insurance and other miscellaneous expenses combined. Depreciation and amortization expenses were \$29.7 million and \$23.9 million for Fiscal Year 2009 and Fiscal Year 2008 respectively, a \$5.8 million or 24.2 percent increase in Fiscal Year 2009 compared to Fiscal Year 2008 and \$16.5 million or 40.8 percent decrease in Fiscal Year 2008 compared to Fiscal Year 2007. The decrease in Fiscal Year 2008 was due to an adjustment in 2007 related to a change in accounting estimates concerning estimates of asset life.



In Fiscal Year 2009, nonoperating expenses were \$34.2 million, an increase of \$0.4 million or 1.1 percent compared to Fiscal Year 2008. In Fiscal Year 2008, nonoperating expenses were \$33.8 million, a decrease of \$4.0 million or 10.6 percent compared to Fiscal Year 2007. In Fiscal Year 2009, the District paid the JPB \$16.5 million for its contribution toward the Caltrain rail service operation. A more detailed discussion of the District's

**SAN MATEO COUNTY TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

relationship with the JPB can be found in *Note #8 – Peninsula Corridor Joint Powers Board (JPB) in the Notes to the Financial Statements.*

**SAN MATEO COUNTY TRANSIT DISTRICT  
CHANGES IN NET ASSETS  
(in thousands)**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Operating revenues-passenger fares	\$ 17,325	\$ 17,203	\$ 16,830
Operating expenses-transit services	116,563	117,537	108,123
Operating loss before depreciation and amortization	(99,238)	(100,334)	(91,293)
Depreciation and amortization	(29,687)	(23,899)	(40,399)
Operating loss	(128,925)	(124,233)	(131,692)
Nonoperating revenues			
Operating assistance	92,673	109,227	108,836
Investment income	9,830	11,637	9,745
Interagency administrative income	3,151	8,327	6,944
Other income, net	32,520	4,587	11,407
Total Nonoperating revenues	138,174	133,778	136,932
Nonoperating expenses			
SFO/Colma BART station revenue (deficit)	-	-	(5,289)
Interest expense	(17,674)	(17,783)	(18,075)
Caltrain service subsidy	(16,521)	(16,040)	(14,478)
Total Nonoperating expenses	(34,195)	(33,823)	(37,842)
Net loss before capital contributions	(24,946)	(24,278)	(32,602)
Capital contributions	11,092	12,202	7,033
Change in net assets	(13,854)	(12,076)	(25,569)
Net assets - beginning of year	147,657	159,733	185,302
Net assets - end of year	\$ 133,803	\$ 147,657	\$ 159,733

**Capital Program**

The District received capital contributions of \$11.1 million in Fiscal Year 2009 and \$12.2 million in Fiscal Year 2008, which was a decrease of \$1.1 million or 9.1 percent in Fiscal Year 2009 compared to Fiscal Year 2008 and an increase of \$5.2 million or 73.5 percent in Fiscal Year 2008 compared to Fiscal Year 2007. The increase in 2008 was mostly due to a fair value gain related to the acquisition of property located in San Carlos along the Caltrain right of way received from the TA.

The following is a summary of the District's major capital expenditures for Fiscal Year 2009.

- Communication Information System (\$2.3 million)
- VTA-SamTrans Zero Emission Bus Program (\$1.5 million)



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**SAN MATEO COUNTY TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2009**

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- Purchase of El Dorado Amerivans (\$1.3 million)
- Replacement of bus parts in accordance with FTA guidelines (\$1.0 million)
- Maintenance Facility Rehab/Repavement project (\$0.8 million)
- Planning study for transit-oriented development (\$0.7 million)
- Purchase of paratransit buses and vans (\$0.7 million)
- Capital project development, control and monitoring (\$0.5 million)

Additional information concerning the District's Capital Assets can be found in *Note #6 - Capital Assets in the Notes to the Financial Statements*.

### **Debt**

The District had \$329.9 million in bonds and notes outstanding at June 30, 2009 compared to \$338.1 million at June 30, 2008, a decrease of \$8.7 million or 2.6 percent. The scheduled payment of \$6.9 million and the refinancing of the District's California Transportation Finance Authority (CTFA) variable rate debt with the 2009 Series A fixed rate Bonds during Fiscal Year 2009 accounts for this reduction. The District pledges sales tax revenues to secure its bonds and also has purchased insurance on the 1993 and 2005 Series A Bonds and setup a Bond Reserve fund on the 2009 Series A Bonds to secure the payment of principal and interest on due dates. The District retains a trustee to maintain its bond fund. More information on the District's long-term debt activity appears in *Note #11 - Long-term Debt* of the *Notes to the Financial Statements*.

### **Economic Factors**

The nation is experiencing one of the longest recessions on record since World War II and experts cannot agree on how long this recession will last. San Mateo County has not been spared in this national recession. The unemployment rate in San Mateo County began Fiscal Year 2009 at 5.0 percent and shot up at a tremendous rate ending the fiscal year at 9.0 percent. Job losses were widely dispersed across industries. Growing job losses, rising unemployment, failing personal income and the loss of consumer confidence account for the plummeting of the District's sales tax receipts in Fiscal Year 2009 by 12.6 percent to \$60 million; compared to a record high level in Fiscal Year 2008 of \$68.7 million. Recovery from this recession is expected to begin in 2010; however, it is expected to move very slowly. The District is feeling the strain in every aspect of revenues including sales tax, state and federal funding, and farebox revenues. The resulting effects on the operating budget are expected to exacerbate the structural deficit problem the District is facing.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate accountability for the funds the District receives. If you have questions about this report or need additional financial information, please contact the San Mateo County Transit District, attn: Deputy CEO, 1250 San Carlos Ave, San Carlos, California 94070-1306.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2009 AND 2008 (in thousands)**

<b>ASSETS</b>	<b>2009</b>	<b>2008</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Notes 1 & 2)	\$ 22,054	\$ 24,942
Investments (Notes 1 & 2)	33,517	39,727
Restricted investments (Notes 1 & 2)	7,173	2,633
Receivables:		
Transaction and use tax	9,742	13,045
Receivable from Peninsula Corridor Joint Powers Board (Note 8)	1,578	2,788
Federal grants (Note 4)	6,122	1,277
Interest	1,311	1,641
Other	4,257	9,634
Allowance for doubtful accounts	(90)	(90)
Total Receivables - Net	22,920	28,295
Inventories (Note 1)	1,650	1,772
Prepaid expenses	2,032	1,300
Total Current Assets	<u>89,346</u>	<u>98,669</u>
<b>NONCURRENT ASSETS:</b>		
Noncurrent investments (Note 2)	104,022	113,862
Restricted investments (Notes 1 & 2)	21,750	2,210
Capital assets		
Buses and bus equipment	140,767	142,856
Buildings and building improvements	73,868	73,686
Maintenance and other equipment	14,591	24,718
Furniture and fixtures	14,447	13,033
Shelters and bus stop signs	3,165	3,271
Other vehicles	2,343	2,015
Total capital assets	249,181	259,579
Less accumulated depreciation	(182,304)	(182,331)
Land and right of way (Note 7)	51,435	51,435
Construction in progress	16,968	18,772
Capital assets - Net (Note 6)	135,280	147,455
Capital contribution to BART, net of amortization (Note 5)	145,021	151,451
Bond issuance costs	4,317	4,224
Other assets (Note 9)	1,007	1,056
Total Noncurrent Assets	<u>411,397</u>	<u>420,258</u>
Total Assets	<u>\$ 500,743</u>	<u>\$ 518,927</u>

See accompanying notes to the financial statements.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2009 AND 2008 (in thousands)**

<b>LIABILITIES</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 9,567	\$ 7,775
Current portion of compensated absences	5,809	5,079
Current portion of self-insurance liabilities (Note 14)	1,912	3,627
Accrued interest	1,702	1,500
Current portion of long-term debt (Note 11)	8,000	6,940
Total Current Liabilities	<u>26,990</u>	<u>24,921</u>
 <b>NONCURRENT LIABILITIES:</b>		
Long-term debt (Note 11)	323,451	331,195
Self-insurance liabilities less current portion (Note 14)	5,881	4,701
Other noncurrent liabilities (Note 10)	5,315	6,160
Compensated absences less current portion	1,530	1,965
Post-employment benefits (Note 13)	3,773	2,328
Total Noncurrent Liabilities	<u>339,950</u>	<u>346,349</u>
Total Liabilities	<u>366,940</u>	<u>371,270</u>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	(46,833)	(35,006)
Restricted	28,058	3,517
Unrestricted	152,578	179,146
Total Net Assets	<u>\$ 133,803</u>	<u>\$ 147,657</u>

See accompanying notes to the financial statements.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2009 AND 2008 (in thousands)**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES - Passenger fares	\$ 17,325	\$ 17,203
OPERATING EXPENSES:		
Salaries and benefits	62,708	64,175
Contract operations and maintenance services	28,710	27,902
Other services	4,655	3,747
Materials and supplies	8,432	9,589
Insurance	5,621	6,074
Miscellaneous	6,437	6,050
Total operating expenses	<u>116,563</u>	<u>117,537</u>
Operating loss before depreciation and amortization and administrative expenses capitalized	(99,238)	(100,334)
Depreciation and amortization	<u>(29,687)</u>	<u>(23,899)</u>
OPERATING LOSS	<u>(128,925)</u>	<u>(124,233)</u>
NONOPERATING REVENUES (EXPENSES):		
Operating assistance (Note 3)	92,673	109,227
Investment income	9,830	11,637
Interest expense	(17,674)	(17,783)
Caltrain service subsidy (Note 8)	(16,521)	(16,040)
Interagency administrative income	3,151	8,327
Other income, net	7,520	4,587
Paratransit Trust Fund (Note 17)	25,000	-
Total nonoperating revenues, net	<u>103,979</u>	<u>99,955</u>
Net loss before capital contributions	(24,946)	(24,278)
Capital contributions (Note 1)	<u>11,092</u>	<u>12,202</u>
CHANGE IN NET ASSETS	(13,854)	(12,076)
Net assets, beginning of year, as restated	<u>147,657</u>	<u>159,733</u>
Net assets, end of year	<u>\$ 133,803</u>	<u>\$ 147,657</u>

See accompanying notes to the financial statements.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2009 AND 2008 (in thousands)**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from passenger fares	\$ 17,467	\$ 17,129
Payments to vendors for services	(54,501)	(52,617)
Payments to employees	(59,564)	(61,907)
Other	9,923	15,040
Net cash used in operating activities	<u>(86,675)</u>	<u>(82,355)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Operating grants received, including transaction and use tax	97,193	109,855
Caltrain service outlays	(16,521)	(16,040)
Net cash provided by non-capital financing activities	<u>80,672</u>	<u>93,815</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(12,807)	(12,114)
Capital contributions from grants	11,317	5,864
Bond principal paid	(6,723)	(6,620)
Interest and cost of issuance paid	(15,887)	(17,213)
Transfers from other agencies	25,000	-
Net cash provided by in capital and related financing activities	<u>900</u>	<u>(30,083)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investment securities	64,603	56,451
Purchases of investment securities	(70,824)	(55,584)
Investment income received on all interest-bearing investments	8,436	7,012
Net cash provided by investing activities	<u>2,215</u>	<u>7,879</u>
Net decrease in cash and cash equivalents	(2,888)	(10,744)
Cash and cash equivalents, beginning of year	<u>24,942</u>	<u>35,686</u>
Cash and cash equivalents, end of year	<u>\$ 22,054</u>	<u>\$ 24,942</u>

See accompanying notes to the financial statements.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2009 AND 2008 (in thousands)**

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (128,925)	\$ (124,233)
Other nonoperating items	9,917	15,040
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	29,687	23,899
Effect of changes in:		
Accounts receivable	1,441	(231)
Inventories	122	(317)
Prepaid expenses	(734)	939
Other assets	4	31
Accounts payable and accrued expenses	1,206	(1,488)
Other postemployment liability	845	2,328
Compensated absences	297	246
Self-insurance liabilities	(535)	2,650
Net cash used in operating activities	<u>\$ (86,675)</u>	<u>\$ (81,136)</u>
NONCASH INVESTING ACTIVITIES:		
Increase in fair value of investments	<u>\$ 3,963</u>	<u>\$ 4,914</u>

See accompanying notes to the financial statements.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

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Notes are essential to present fairly the information contained in the overview level of the basic financial statements. Narrative explanations are intended to communicate information that is not readily apparent or cannot be included in the statements and schedules themselves, and to provide additional disclosures as required by the Governmental Accounting Standards Board.

**NOTE #1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Operations**

The San Mateo County Transit District (District) was formed by the California State Legislature and approved by the electorate in 1974 to meet the public transit needs of San Mateo County. The District operates buses throughout San Mateo County and also provides, through purchased service with independent contractors, demand-responsive transportation services and certain other fixed-route bus services. The District also shares in the costs of operating the Caltrain rail service. The District provided the local costs of extending the San Francisco Bay Area Rapid Transit District (BART) rail system into San Mateo County as well as the net cost to operate the extension. On April 27, 2007, the District and BART entered into a Settlement Agreement and Release of Claims to relieve the District of any and all responsibility for payment of past and future operating costs, as well as capital costs, associated with the SFO Extension

**B. Entity**

The District's reporting entity includes only the District.

**C. Basis of Accounting**

The District is a single enterprise fund and maintains its records on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred. The District has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**D. Implementation of Governmental Accounting Standards Board Statements**

**GASB Statement No. 49** – In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligation, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. This statement is effective June 30, 2009. The provision of this statement did not impact the District's financial statements.

**GASB Statement No. 51** – In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The guidance in this statement is effective for financial statements with reporting periods beginning after June 15, 2009. The District has not determined its effect on the financial statements.



**NOTE #1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**D. Implementation of Governmental Accounting Standards Board Statements** *(continued)*

**GASB Statement No. 52** – In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The guidance in this statement is effective for financial statements with reporting periods beginning after June 15, 2008, with earlier application encouraged. The requirement of this pronouncement did not have an impact on the District's financial statements.

**GASB Statement No. 53** – In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements. The statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this statement also addresses hedge accounting requirement and is effective for financial statements with reporting periods beginning after June 15, 2009, with earlier application encouraged. This statement is not expected to impact the District's financial statements.

**GASB Statement No. 54** – In March 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements with reporting periods beginning after June 15, 2010. This statement will not impact the District's financial statements.

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all highly liquid investments with an initial maturity of 90 days or less when purchased to be cash equivalents.

**F. Investments**

Current investments represent securities which mature within the next 12 months. Non-current investments represent the portion of the District's investment portfolio that is not expected to be liquidated during the next 12 months. Investments in nonparticipating interest-earning investment contracts (guaranteed investment contracts) are reported at cost and all other investments are at fair value. The fair value of investments is determined annually and is based on current market prices. Investments are regulated by state statutes and could be further restricted by the Board of Directors.

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Restricted Cash and Investments**

Restricted cash and investments represent unused bond proceeds, bond reserves and other funds designated for financing the District’s principal capital projects and related debt service. These funds have been invested in U.S. Treasury notes, mutual funds and guaranteed investment contracts.

**H. Inventories**

Inventories consist primarily of bus replacement parts and fuel and are stated at average cost. Inventories are charged to expense at the time that individual items are withdrawn from inventory.

**I. Property and equipment**

Property and equipment are stated at historical cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Buses and bus equipment	2 to 12 Years
Other vehicles, shelters and bus stops, maintenance and other equipment, and furniture and fixtures	3 to 20 Years
Building	30 Years
Building improvements	2 to 5 Years

The District’s policy is to capitalize all property and equipment with a cost greater than \$5,000 and a useful life of more than one year.

**J. Construction in progress**

Construction in progress consists of the following projects at June 30, 2009 and 2008 (in thousands):

**Construction in Progress**

	<u>2009</u>	<u>2008</u>
Bus fleet improvements	\$ 6,048	\$ 4,546
Dumbarton rail	2,420	2,465
Bus communications system	1,805	1,320
Information technology support	1,679	3,301
Transit-oriented development	1,501	2,227
Pavement rehabilitation	762	507
Administration building improvement	898	318
Other	1,855	4,088
Total Construction in progress	<u>\$ 16,968</u>	<u>\$ 18,772</u>

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

**J. Construction in progress (*continued*)**

Interest is capitalized on construction in progress in accordance with the Statement of Financial Accounting Standards No. 62, Capitalization of Interest Cost in Situations Involving Certain Tax-exempt Borrowings and Certain Gifts and Grants. Accordingly, interest capitalized is the total interest cost from the date of the borrowing net of any allowable interest earned on temporary investments of the proceeds of those borrowings until the specified asset is ready for its intended use. There was no interest capitalized in fiscal years 2009 or 2008.

**K. State and local operating assistance**

State and local operating assistance are recorded as revenue upon approval by the granting agencies. The District serves as the cash conduit for State Transit Assistance received on behalf of the JPB (see *Note 8*) and does not recognize revenues or expenses associated with this agency function.

**L. Bond issuance costs**

Bond issuance costs are being amortized on a straight-line basis over the life of the related debt.

**M. Arbitrage**

Arbitrage is reviewed on an annual basis and the corresponding liability is accrued accordingly.

**N. Compensated Absences**

Employees accrue compensated absence time by reason of tenure at annual rates ranging from 160 to 312 hours per year. Employees are allowed to accumulate from 800 hours up to 1,440 hours of compensated absences time, depending upon the number of years of service. In fiscal years ending June 30, 2009 and 2008, employees of the District accrued and used balances of compensated absences in the amount of \$5,809,400 and \$5,513,002, respectively. At June 30, 2009 and 2008, accrued compensated absences for all District employees amounted to \$7,339,204 and \$7,042,806, respectively. The current portion of the compensated absences liability is reflected as a current liability in the statement of net assets and is expected to be used within one year.

**O. Capital Contributions**

The District receives grants from the Federal Transit Administration (FTA), state, and local transportation funds for the acquisition of buses and other equipment and improvements. Capital contributions are recorded as revenues and the cost of the related assets are included in property and equipment. Depreciation on assets acquired with capital grant funds is included in the statement of revenues, expenses and changes in net assets.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Capital Contributions (continued)**

Capital contributions for the years ended June 30, 2009 and 2008 were as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Federal grants	\$ 2,760	\$ 2,002
Local assistance - Sales tax	7,726	5,777
Other local transportation funds	605	4,423
Total	<u>\$ 11,092</u>	<u>\$ 12,202</u>

**P. Operating and Nonoperating Revenues and Expenses**

The District distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from directly providing services in connection with the District's principal operations of bus transit services. These revenues are primarily passenger fares. Operating expenses include the cost of sales and services, administrative expenses, contracted services and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Q. Use of Estimates**

The District's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

**R. Reclassifications**

Certain amounts in the prior year financial statements may have been reclassified to conform to current year presentation.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2009 and 2008 are classified in the statement of net assets as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 22,054	\$ 24,942
Investments	33,517	39,727
Restricted investments - current	7,173	2,633
Noncurrent investments	104,022	113,862
Restricted investments - noncurrent	21,750	2,210
Total	<u>\$ 188,516</u>	<u>\$ 183,374</u>

Cash and investments as of June 30, 2009 and 2008 consist of the following (in thousands):

	<u>2009</u>	<u>2008</u>
Cash on hand	\$ 9	\$ 9
Deposits with financial institutions	9,533	(452)
Investments	178,974	183,817
Total	<u>\$ 188,516</u>	<u>\$ 183,374</u>

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #2 – CASH AND INVESTMENTS (continued)**

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code or the District's investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code or the District'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 the District, rather than the general provisions of the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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 Agreements	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
Asset-backed securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Investment Trust of California (CalTRUST)	N/A	None	None

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustee are governed by provisions of the debt covenants, rather than the general provisions of the California Government Code or the District's investment policy. These provisions allow for the acquisition of investment agreements, repurchase agreements and U.S. Treasury Securities with maturities of up to 30 years.

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #2 – CASH AND INVESTMENTS (continued)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk incurred when market interest rates 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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. With respect to this metric, the District’s policies are as follows:

- No investment shall be made in securities with a remaining useful life exceeding 11 years
- No more than 25 percent of the portfolio shall be invested in securities with a remaining life of 5 to 11 years
- The weighted average maturity of the portfolio shall not exceed 5 years

The District’s weighted average maturity of its investment portfolio at June 30, 2009 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Agency Securities	\$ 137,341	2.34
U.S. Government Securities	19,052	2.04
Repurchase Agreements	9,505	-
Medium-term Notes	5,673	1.46
Local Agency Investment Fund (LAIF)	3,006	0.64
Held by bond trustee:		
Money market	2,123	0.00
U.S. Agency Securities	2,274	2.73
Total	\$ 178,974	
Portfolio Weighted Average Maturity		2.10

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #2 – CASH AND INVESTMENTS (continued)**

The District's weighted average maturity of its investment portfolio at June 30, 2008 was as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
U.S. Agency Securities	\$ 123,418	2.77
Repurchase Agreements	1,286	-
Medium-term Notes	30,168	1.36
Local Agency Investment Fund (LAIF)	24,099	0.58
Held by bond trustee:		
Money market	718	0.05
Mutual funds	1,958	0.50
Investment contracts	2,170	19.35
Total	\$ 183,817	
Portfolio Weighted Average Maturity		2.39

**Disclosures Relating 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. Presented below is the minimum rating required by (where applicable) the California Government Code and the District's investment policy and the actual rating as of year end for each investment type:

Investment Type	Amount (in thousands)	Rating as of June 30, 2009			
		AAA	AA	A	Not Rated
U.S. Agency Securities	\$ 137,341	\$ 137,341	\$ -	\$ -	\$ -
U.S. Government Securities	19,052	19,052	-	-	-
Repurchase Agreements	9,505	-	-	-	9,505
Medium-term Notes	5,673	-	3,038	2,635	-
LAIF	3,006	-	-	-	3,006
Held by bond trustee:					
Money market	2,123	-	-	-	2,123
U.S. Agency Securities	2,274	2,274	-	-	-
Total	\$ 178,974	\$ 158,667	\$ 3,038	\$ 2,635	\$ 14,634



**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #2 – CASH AND INVESTMENTS (continued)**

Investment Type	Amount (in thousands)	Rating as of June 30, 2008			
		AAA	AA	A	Not Rated
U.S. Agency Securities	\$ 123,418	\$ 123,418	\$ -	\$ -	\$ -
Repurchase Agreements	1,286	-	-	-	1,286
Medium-term Notes	30,168	19,681	7,816	2,671	-
LAIF	24,099	-	-	-	24,099
Held by bond trustee:					
Money market	718	718	-	-	-
Mutual funds	1,958	-	-	-	1,958
Investment contracts	2,170	-	-	-	2,170
Total	\$ 183,817	\$ 143,817	\$ 7,816	\$ 2,671	\$ 29,513

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the District's total investments are as follows:

As of June 30, 2009:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corp (FHLMC)	U.S. Agency Securities	\$ 34,572
Federal Home Loan Bank (FHLB)	U.S. Agency Securities	54,944
Federal National Mortgage Association (FNMA)	U.S. Agency Securities	38,490
Federal Farm Credit Bank (FFCB)	U.S. Agency Securities	11,609
Total		\$ 139,615

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #2 – CASH AND INVESTMENTS (continued)**

As of June 30, 2008:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corp (FHLMC)	U.S. Agency Securities	\$ 21,593
Federal Home Loan Bank (FHLB)	U.S. Agency Securities	63,121
Federal National Mortgage Association (FNMA)	U.S. Agency Securities	24,450
Federal Farm Credit Bank (FFCB)	U.S. Agency Securities	11,100
Tennessee Valley Authority	Medium-term Notes	11,007
Total		<u>\$ 131,271</u>

**Custodial of Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District 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 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, the District 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 the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental 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 market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2009 and June 30, 2008, the District had \$9,533,174 and (\$452,270) respectively, of deposits with financial institutions recorded on the financial statements which included excess bank balances of \$10,231,208 and \$398,942, respectively. Since these excess cash balances are amounts over the Federal Deposit Insurance limits, the excess cash balances are uninsured. However, due to California state law, the excess cash balances are collateralized by securities pledged by the financial institutions holding the District's deposits.

**Investment in State Investment Pool**

The District is a voluntary participant in LAIF which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #2 – CASH AND INVESTMENTS (continued)**

As of June 30, 2009 and June 30, 2008, the District’s investments in LAIF were \$3,005,968 and \$24,098,800, respectively. The total value invested by all public agencies in LAIF at June 30, 2009 and 2008 were \$50,853,707,566 and \$70,024,464,150, respectively. Of these amounts, as of June 30, 2009 and 2008, 85.3 and 85.3 percent, respectively, is invested in non-derivative financial products, and 14.7 and 14.7 percent, respectively, are invested in structured notes and asset-backed securities. The District relied upon information provided by the State Treasurer in estimating the District’s fair value position of its holdings in LAIF.

**NOTE #3 – OPERATING ASSISTANCE**

The District receives operating assistance from various federal, state and local sources. The District receives a half-cent transaction and use tax levied on all taxable sales in San Mateo County, which is collected and administered by the State Board of Equalization. Transportation Development Act funds are received from San Mateo County to meet, in part, operating and capital requirements based on annual claims filed by the District and approved by the Metropolitan Transportation Commission (MTC). Federal funds are distributed to the District by the Federal Transportation Administration (FTA) after approval by MTC. The District also receives TA funds as a result of the approval and re-authorization of Measure A (half-cent county sales tax) for funding of transportation projects.

Operating assistance is summarized as follows for the years ended June 30, 2009 and 2008 (in thousands):

	<b>2009</b>	<b>2008</b>
Transaction and use tax	\$ 52,288	\$ 62,890
Local transportation funds	30,570	31,969
State transit assistance	1,725	9,538
Federal operating and planning assistance	6,388	1,474
Measure A funds - local	1,071	2,780
AB434	631	576
Total	<u>\$ 92,673</u>	<u>\$ 109,227</u>

**NOTE #4 – FEDERAL CAPITAL GRANTS**

The District has seven grant contracts with the FTA that provide federal funds for the acquisition of buses and other equipment and improvements. Capital additions at June 30, 2009 applicable to these projects are \$3,335,054. The related federal participation is \$2,760,280.

The District has recorded receivables of \$818,120 and \$449,098, at June 30, 2009 and 2008, respectively, for qualifying capital project expenditures under FTA grant contracts in excess of reimbursements.

Under the terms of the grants, contributions for equipment sold or retired during its useful life are refundable to the federal government in proportion to the related capital grant funds received, unless the net book value or proceeds from sale is under grant-prescribed limits.

**NOTE #5 – BAY AREA RAPID TRANSIT (BART) DISTRICT EXTENSION AGREEMENTS**

The District entered into a Comprehensive Agreement with the San Francisco Bay Area Rapid Transit (BART) on March 1, 1990. The purpose was to extend BART from the Daly City station to Caltrain and the San Francisco International airport via new stations at Colma, South San Francisco, San Bruno, Millbrae and the San Francisco International Airport (SFO Extension).

The Agreement called for two projects. The first was the Colma Project, approximately 1.6 miles from the existing Daly City station to the new Colma station. The second was the SFO Extension, which included construction of 10.1 miles of additional track, four additional stations and related facilities.

Under the terms of the Agreement, BART agreed to construct and operate the SFO Extension Project. The District is responsible for the net operating costs arising from operation and maintenance expenses of the Colma and SFO Extension. The Agreement also provided for a shared allocation of capital costs.

The initial Comprehensive Agreement provided that the District would pay 25 percent of the capital costs. On June 19, 1996, the Comprehensive Agreement was amended to shift the District's financial contribution from 25 percent to a capped amount of \$197 million, of which \$185 million was scheduled to be paid during the four-year construction period and was paid. The remaining \$12 million was to be paid out of net revenues derived exclusively from the SFO Extension net operation surplus, the same funding source for the \$133 million that the District agreed to contribute in recognition of BART's prior infrastructure investments as full payment for the District's remaining project costs and capital contribution.

Pursuant to the Fourth Amendment to the Comprehensive Agreement entered into on August 31, 1999, the District loaned \$72 million to fund the SFO Extension Project as a result of higher than anticipated construction costs. In addition, the MTC provided a \$76.5 million loan, and BART provided a \$50 million loan to finance the SFO Extension project.

**A. BART SFO**

On June 22, 2003, the SFO Extension opened, providing service to South San Francisco, San Bruno, San Francisco International Airport and Millbrae stations. Pursuant to the Comprehensive Agreement and Amendments, operating deficits (or surpluses) of the SFO Extension are borne by (or benefit) the District.

In May 2004, the District and BART further amended the terms of the Comprehensive Agreement to revise the District's commitment for operating deficits of the SFO Extension (Fiscal Year 2005 Agreement).

As a result of disputes that arose regarding the interpretation of the Comprehensive Agreement, on April 27, 2007, the District and BART entered into a Settlement Agreement and Release of Claims (Settlement Agreement). The Settlement Agreement provides for a permanent resolution of the aforementioned disputes, specifically, the Settlement Agreement:

1. Terminated the Comprehensive Agreement and the Fiscal Year 2005 Agreement;
2. Relieved the District of any and all responsibility for payment of past and future operating costs, as well as capital costs, associated with the SFO Extension with the exception of \$5.0 million of operating costs incurred during Fiscal Year 2007;

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #5 – BAY AREA RAPID TRANSIT (BART) DISTRICT EXTENSION AGREEMENTS (continued)**

3. Required BART to repay the District \$5,600,517 for right of way acquisition costs previously advanced by the District for right of way acquisition and other SFO Extension costs and requires the District to transfer SFO Extension property to BART upon full payment of said sum by BART.
4. BART made the agreed upon payment and the property will be transferred upon preparation of transfer documents by BART.
5. Required the District to pay \$221,341 to BART for costs related to construction of a Bike Path;
6. Released BART from its obligation to repay amounts loaned by the District pursuant to the August 31, 1999 amendment to the Comprehensive Agreement; and
7. Required the District to remain responsible for providing paratransit services in the SFO Extension Project corridor.

In relation to this agreement, the District also is affected by a three-party agreement entered into in February 2007 between MTC, BART, and the District. In this agreement, the District has assigned \$32 million to BART from State Infrastructure bonds authorized by voter approved passage of Proposition 1B on November 7, 2006 and possibly in part from “spillover” funds allocated by MTC.

**B. Capital Contribution to BART**

Amounts capitalized as “Capital Contribution to BART” are presented below (in thousands). As a result of the Settlement Agreement referenced above, the District recorded an additional \$72 million in capital contributions to BART in 2007. Previously these capital contributions were being amortized over a period of 15 years. Due to a change in accounting estimates in fiscal year 2007, the amortization on these capital contributions were prospectively amended to amortize the book value over what remains in the useful life of 30 years.

	<u>2009</u>	<u>2008</u>
BART system contribution	\$ 100,000	\$ 100,000
Colma extension - local share	52,352	52,352
South of Colma extension - local share	181,534	181,530
SFO BART- local share	73,050	72,000
	<u>406,936</u>	<u>405,882</u>
Less: Accumulated amortization	(261,916)	(254,431)
Total	<u>\$ 145,020</u>	<u>\$ 151,451</u>

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009, was as follows (in thousands):

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Depreciable Capital Assets				
Buses and bus equipment	\$ 142,856	\$ 2,677	\$ (4,766)	\$ 140,767
Buildings and building improvements	73,686	247	(65)	73,868
Maintenance and other equipment	24,718	2,695	(12,822)	14,591
Furniture and fixtures	13,033	6,693	(5,279)	14,447
Shelters and bus stop signs	3,271	16	(122)	3,165
Other vehicles	2,015	568	(240)	2,343
Total Depreciable Capital Assets	<u>259,579</u>	<u>12,896</u>	<u>(23,294)</u>	<u>249,181</u>
Less Accumulated Depreciation for:				
Buses and bus equipment	(97,768)	(9,623)	4,766	(102,625)
Buildings and building improvements	(48,862)	(2,408)	65	(51,205)
Maintenance and other equipment	(22,538)	(1,738)	12,822	(11,454)
Furniture and fixtures	(8,244)	(9,321)	5,279	(12,286)
Shelters and bus stop signs	(3,248)	(22)	122	(3,148)
Other vehicles	(1,671)	(155)	240	(1,586)
Total Accumulated Depreciation	<u>(182,331)</u>	<u>(23,267)</u>	<u>23,294</u>	<u>(182,304)</u>
Nondepreciable Capital Assets				
Land and right of way	51,435	-	-	51,435
Construction in progress	18,772	11,092	(12,896)	16,968
Total Nondepreciable Capital Assets	<u>70,207</u>	<u>11,092</u>	<u>(12,896)</u>	<u>68,403</u>
Capital Assets, Net	<u>\$ 147,455</u>	<u>\$ 721</u>	<u>\$ (12,896)</u>	<u>\$ 135,280</u>

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #6 – CAPITAL ASSETS (continued)**

Capital asset activity for the year ended June 30, 2008, was as follows (in thousands):

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Depreciable Capital Assets				
Buses and bus equipment	\$ 158,180	\$ 3,397	\$ (18,721)	\$ 142,856
Buildings and building improvements	73,237	845	(396)	73,686
Maintenance and other equipment	25,500	900	(1,682)	24,718
Furniture and fixtures	13,875	383	(1,225)	13,033
Shelters and bus stop signs	3,313	-	(42)	3,271
Other vehicles	2,363	204	(552)	2,015
Total Depreciable Capital Assets	<u>276,468</u>	<u>5,729</u>	<u>(22,618)</u>	<u>259,579</u>
Less Accumulated Depreciation for:				
Buses and bus equipment	(105,380)	(11,109)	18,721	(97,768)
Buildings and building improvements	(46,734)	(2,524)	396	(48,862)
Maintenance and other equipment	(22,350)	(1,870)	1,682	(22,538)
Furniture and fixtures	(8,474)	(995)	1,225	(8,244)
Shelters and bus stop signs	(3,200)	(90)	42	(3,248)
Other vehicles	(2,098)	(125)	552	(1,671)
Total Accumulated Depreciation	<u>(188,236)</u>	<u>(16,713)</u>	<u>22,618</u>	<u>(182,331)</u>
Nondepreciable Capital Assets				
Land and right of way	43,695	7,740	-	51,435
Construction in progress	15,713	8,788	(5,729)	18,772
Total Nondepreciable Capital Assets	<u>59,408</u>	<u>16,528</u>	<u>(5,729)</u>	<u>70,207</u>
Capital Assets, Net	<u>\$ 147,640</u>	<u>\$ 5,544</u>	<u>\$ (5,729)</u>	<u>\$ 147,455</u>

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #7 – LAND AND RIGHT OF WAY**

**A. Dumbarton Land and Right of Way**

In November 1994, the San Mateo County Transportation Authority (TA) contributed the Dumbarton land and right of way to the District. The basis of this property is \$7,134,000. In December 2001, the TA contributed the Redwood City Wye land and right of way, adjacent to the Dumbarton parcels, to the District. The basis of this property is \$7,103,000. The TA is responsible for the preparation of a comprehensive Dumbarton Rail Corridor Study.

**B. San Carlos Land and Right of Way**

On December 27, 2007, the District acquired four acres of property located in San Carlos along the Caltrain right of way from the TA for a promissory note of \$4,343,404. The fair market value for the land, accounting for the risk associated with hazardous materials, is \$7,739,455. The District recognized the difference of the fair market value and the promissory note as a local grant contribution from the TA for the fiscal year ended June 30, 2008. The property originally had been acquired by the TA for the purpose of constructing a railroad grade separation structure. Having completed the grade separation, the TA Board of Directors agreed to sell the property to the District. Under the terms of the transaction, the District is permitted to pay the purchase price over time subject to the payment of interest prospectively at the current rate of return earned by the TA on its investment portfolio until the principal is paid in full before December 1, 2033.

**C. Caltrain Right of Way**

On October 31, 2008, all three of the JPB member agencies signed an agreement with the District to fully resolve all outstanding financial issues related to the acquisition of the right of way. Both City and County of San Francisco and Santa Clara County Transportation Authority have agreed to reimburse the District through a combination of gasoline tax “spillover” funds and population based “spillover” funds to be paid directly to the District from the MTC and revenue based “spillover” funds to be paid to the District from the San Francisco Municipal Transportation Agency (SFMTA) and VTA. The parties have agreed to make best efforts to allocate the funds in full within two to four years and, in no event, later than 10 years. When all payments have been received by the District, the District will reconvey to the JPB all of its interests in the title to the right of way. As of June 30, 2009, the District had received \$5.2 million of the total \$53.3 million outstanding per this agreement.

**NOTE #8 – PENINSULA CORRIDOR JOINT POWERS BOARD (JPB)**

The District is a member in the JPB along with the VTA and the City and County of San Francisco (CCSF). The JPB is governed by a separate board comprised of nine members, three from each member agency. The Peninsula Corridor Joint Powers Board was established in 1988 to keep Caltrain operating after the state’s responsibility ended. The JPB was formed to plan, administer and operate the Caltrain service. The JPB began operating the Caltrain service on July 1, 1992. Prior to July 1, 1992, such rail service was operated by the California Department of Transportation (Caltrans) and Southern Pacific Railroad.

During fiscal year 1992, the District advanced CCSF’s and VTA’s initial contribution in the amount of \$8,294,000 and \$34,652,000, respectively, to facilitate completion of the acquisition of the rail corridor right of way between San Francisco and San Jose and perpetual trackage rights between San Jose and Gilroy. The



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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #8 – PENINSULA CORRIDOR JOINT POWERS BOARD (JPB) (continued)**

District receives the full reimbursement of the initial contribution plus interest from CCSF and VTA. CCSF and VTA agreed to use their best efforts individually and collectively to advocate for and obtain grants from non-local sources to reimburse the District for their additional contribution.

The District has been appointed as managing agency for JPB, providing administrative personnel and facilities. The District is responsible for 41.92 percent of the mainline net operating costs and the administrative expenses of the JPB for the years ended June 30, 2009 and 2008. The District recognizes the entire amount of contributions paid to the JPB as expense in the year disbursed. During the years ended June 30, 2009 and 2008, the District contributed \$16,521,290 and 16,040,087 respectively, to the JPB for operating needs.

The District has total receivables from the JPB of \$1,577,609 and \$2,787,547 at June 30, 2009 and 2008, respectively, for advances of staff support and operating costs.

Summary financial information (not included in the District’s financial statements) for the JPB as of June 30, 2009 and 2008 (in thousands):

	<u>2009</u>	<u>2008</u>
Total Assets	\$ 1,188,338	\$ 1,175,491
Total Liabilities	(61,087)	(64,157)
Total Net Assets	<u>\$ 1,127,251</u>	<u>\$ 1,111,334</u>
Operating Revenues	\$ 46,719	\$ 43,760
Operating Expenses	(143,450)	(133,249)
Nonoperating Revenues, Net	41,407	43,220
Net Before Capital Contributions	(55,324)	(46,269)
Capital Contributions	71,241	82,552
Increase in Net Assets	<u>\$ 15,917</u>	<u>\$ 36,283</u>

Complete financial statements for the JPB can be obtained from the Peninsula Corridor Joint Powers Board at 1250 San Carlos Ave., San Carlos, California 94070.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #9 – RELATED PARTY TRANSACTIONS**

**A. Note Receivable From Officer**

In 2001, the District entered into an employment agreement with an officer of the District, which included an advance for personal housing. The note bears interest at 4 percent and interest is payable monthly with a maturity at September 15, 2030.

In November 2001, the District amended the terms of the note to a stated interest rate of 2.5 percent (effective rate of 2.08 percent) calculated only on the first \$1 million of the note.

In December 2002, the District modified the housing note by forgiving \$40,000 per year of the loan principal. The District also introduced a provision to absorb any losses on the home, should the fair market value, at note termination, be less than the principal then outstanding.

As of June 30, 2009, the District has forgiven \$280,000 of principal on the housing note. Pursuant to this arrangement, the District has a note receivable included in Other Assets with a balance of \$920,000 and \$960,000, as of June 30, 2009 and 2008, respectively.

**B. San Mateo County Transportation Authority (TA)**

The TA was formed in June 1988 as a result of the approval of Measure A (half-cent county sales tax and Transportation Expenditure Plan) by the voters of San Mateo County pursuant to the Bay Area County Traffic and Transportation Funding Act. The TA is responsible for the administration of funds to be used for transportation projects collected over a period of 20 years by the half-cent county sales tax. The District was designated as the entity responsible for overall management of the TA. In November 2004, the voters reauthorized the TA and its publicly developed expenditure plan for an additional 25 years beyond the original expiration date of December 31, 2008. The TA will continue to fund vital transportation improvements to the benefit of San Mateo County Residents through 2033.

The District provides administrative personnel and facilities. Complete financial statements for the TA can be obtained from the San Mateo County Transportation Authority at 1250 San Carlos Ave., San Carlos, California 94070.

The TA has funded various real estate acquisitions, which are necessary for transportation projects. Generally, the TA has chosen not to hold title to real estate. The District holds title to properties, both as an accommodation to TA as well as for use in transit. The District has recorded these parcels as Property and Equipment.

**NOTE #10 – OTHER NONCURRENT LIABILITIES**

On December 27, 2007, the District acquired from the TA four acres of property located in San Carlos along the Caltrain right of way for a promissory note of \$4,343,404. The District also has accrued interest liability of \$330,786 and \$174,127, respectively as of June 30, 2009 and June 30, 2008 for the promissory note. See *Note #7 – Land and Right of Way*, paragraph B.

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #11 – LONG-TERM DEBT**

Long-term debt activity for the year ended June 30, 2009 is as follows (in thousands):

	Balance at July 1, 2008	Adjustments/ Additions	Deletions	Balance at June 30, 2009	Amounts Due within One Year
Bonds Payable					
1993 Series A Bonds	\$ 98,030	\$ -	\$ (6,155)	\$ 91,875	\$ 6,410
1998 Junior Lien	21,565	-	(21,565)	-	-
2005 Series A Bonds	218,990	-	-	218,990	-
2009 Series A Bonds	-	19,040	-	19,040	1,590
Total Debt	338,585	19,040	(27,720)	329,905	8,000
Bond refunding loss	(4,898)	(236)	497	(4,637)	-
Unamortized bond premium	4,708	1,957	(244)	6,421	-
Unamortized bond discount	(260)	-	22	(238)	-
Net Bonds Payable	\$ 338,135	\$ 20,761	\$ (27,445)	\$ 331,451	\$ 8,000

Long-term debt activity for the year ended June 30, 2008 is as follows (in thousands):

	Balance at July 1, 2007	Adjustments/ Additions	Deletions	Balance at June 30, 2008	Amounts Due within One Year
Bonds Payable					
1993 Series A Bonds	\$ 103,895	\$ -	\$ (5,865)	\$ 98,030	\$ 6,155
1998 Junior Lien	22,320	-	(755)	21,565	785
2005 Series A Bonds	218,990	-	-	218,990	-
Total Debt	345,205	-	(6,620)	338,585	6,940
Bond refunding loss	(5,387)	-	489	(4,898)	-
Unamortized bond premium	4,889	-	(181)	4,708	-
Unamortized bond discount	(282)	-	22	(260)	-
Net Bonds Payable	\$ 344,425	\$ -	\$ (6,290)	\$ 338,135	\$ 6,940

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #11 – LONG-TERM DEBT *(continued)***

**A. 1993 Series A Bonds**

In June 1993, the District issued \$150,555,000 of 1993 Series A Limited Tax Bonds (1993 Series A Bonds) to refund a portion of the 1990 Series A Bonds (pursuant to a crossover refunding) and to reimburse the District for prior capital project expenditures. The 1993 Series A Bonds, with interest rates ranging from 5 to 8 percent, are limited obligations of the District, and shall be payable from, and secured by, a pledge of sales tax revenues received by the District on and after June 1, 1993. Interest payments are due on June 1 and December 1 of each year. \$104,939,000 of the proceeds from the 1993 Series A Bonds were used to purchase U.S. government securities which were placed into an irrevocable trust to be used to advance refund the 1990 Series A Bonds at a redemption price of 102 percent on June 1, 1998 (crossover date).

**B. 2005 Series A Refunding Bonds**

In October 2005, the District issued \$218,990,000 in 2005 Series A Bonds to advance refund and legally defease the outstanding 1997, 1998 and 1999 Series A Bonds by placing the net proceeds of \$220,888,820 (including \$5,190,525 additional bond premium less \$3,291,703 in underwriting fees, insurance and other issuance costs) in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old Series A Bonds which have been removed from the District's financial statements. The 2005 Series A Bonds carry a coupon rate ranging from 4.375 to 5.0 percent and mature on June 1, 2034.

As of June 30, 2009 and 2008, the outstanding balance on the 1997, 1998 and 1999 Series A Bonds was \$160,500,000 and \$174,050,000, respectively with available investment balance held by the bond trustee of \$117,692,954 and \$177,207,939, respectively.

**C. 2009 Series A Refunding Bonds**

In Fiscal Year 2009, the District decided to refund its California Transit Finance Authority (CTFA) variable rate 1998 Junior Lien Sales Tax Revenue Bonds (CTFA Bonds) due to volatility in the financial markets to limit the District's exposure to changes in interest rates. In December 2008, the District purchased \$20,780,000 of its own outstanding CTFA bonds; \$18,364,368 of funding came from the District and the balance from CTFA bond principal and reserve funds held by the trustee.

On March 4, 2009, the District issued \$19,040,000 in fixed rate 2009 Series A Bonds to reimburse the District for the December 2008 purchase of the CTFA bonds. Net proceeds were \$20,420,709 including the bond premium less issuance costs. The refinancing of the CTFA Bonds decreased the length of the existing debt service obligations by nine years, from 2028 to 2019. The 2009 Series A Bonds carry a coupon rate ranging from 3.0 to 5.0 percent and mature on June 1, 2019.

**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #11 – LONG-TERM DEBT (continued)**

Debt service requirements for long-term debt as of June 30, 2009 are as follows (in thousands):

Fiscal Year Ending June 30,	1993 Series A Bonds			2005 Series A Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 6,410	\$ 5,047	\$ 11,457	\$ -	\$ 10,555	\$ 10,555
2011	6,735	4,726	11,461	-	10,555	10,555
2012	7,075	4,389	11,464	-	10,555	10,555
2013	7,430	4,036	11,466	-	10,555	10,555
2014	7,805	3,664	11,469	-	10,555	10,555
2015-2019	45,645	11,745	57,390	-	52,777	52,777
2020-2024	10,775	862	11,637	49,965	49,359	99,324
2025-2029	-	-	-	77,165	33,802	110,967
2030-2034	-	-	-	91,860	13,015	104,875
Total	\$ 91,875	\$ 34,469	\$ 126,344	\$ 218,990	\$ 201,728	\$ 420,718

Fiscal Year Ending June 30,	2009 Series A Refunding Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 1,590	\$ 848	\$ 2,438	\$ 8,000	\$ 16,450	\$ 24,450
2011	1,635	801	2,436	8,370	16,082	24,452
2012	1,695	735	2,430	8,770	15,679	24,449
2013	1,765	667	2,432	9,195	15,258	24,453
2014	1,850	579	2,429	9,655	14,798	24,453
2015-2019	10,505	1,583	12,088	56,150	66,105	122,255
2020-2024	-	-	-	60,740	50,221	110,961
2025-2029	-	-	-	77,165	33,802	110,967
2030-2034	-	-	-	91,860	13,015	104,875
Total	\$ 19,040	\$ 5,213	\$ 24,253	\$ 329,905	\$ 241,410	\$ 571,315

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #12 – PENSION PLAN**

**A. Plan Description**

All permanent employees are eligible to participate in the Public Employees' Retirement Fund (the Fund) of the State of California's Public Employees' Retirement System (CalPERS). The Fund is an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance. Copies of the Fund's annual financial report may be obtained from CalPERS' executive office: Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

**B. Funding Policy**

District employees have an obligation to contribute 7 percent of their salary to the Fund. The District makes the contributions required of the District and its employees on their behalf. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for both fiscal years 2009 and 2008 was 8.171 and 8.025 percent of annual covered payroll, respectively. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

**C. Annual Pension Cost**

The District's annual pension cost was equal to the District's required and actual contributions, which were determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included the following:

Investment rate of return	7.75% (net of administrative services)
Projected salary increase	3.25% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll growth	3.25%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%

The actuarial value of assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five-year period depending on the size of investment gains and/or losses. Unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis for a period not more than 30 years.

**SAN MATEO COUNTY TRANSIT DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2009**

**NOTE #12 – PENSION PLAN (continued)**

**C. Annual Pension Cost (continued)**

Three-year Trend Information for CalPERS (in thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 6,264	100.0%	-
6/30/2008	\$ 6,447	100.0%	-
6/30/2009	\$ 7,064	100.0%	-

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$	170,303
Actuarial value of plan assets		170,139
Unfunded actuarial accrued liability (UAAL)	\$	164
Funded ratio (actuarial value of plan assets/AAL)		99.9%
Covered payroll (active plan members)	\$	43,468
UAAL as a percentage of covered payroll		0.4%

**NOTE #13 – POST-RETIREMENT HEALTH CARE BENEFITS**

**A. Plan Description**

In August 1993, the District's Board of Directors adopted the San Mateo County Transit District Retiree Healthcare Plan (Plan). The plan is an agent plan administered by the CalPERS system. The plan provides post-retirement medical care insurance to qualified retirees and their surviving spouses, those who have attained 50 years of age and have at least five years of District service. As of June 30, 2009 and 2008, there are 182 and 162 qualified retirees and spouses of deceased retirees, respectively. Benefit allowance provisions are established through agreements and memorandums of understanding (MOU) between the District, its management employees and unions representing District employees. The benefit provides a lifetime allowance to eligible plan members and their lifetime beneficiaries.

**B. Funding Policy**

In April 2008, the District's Board of Directors adopted an OPEB funding plan authorizing the establishment of an Internal Revenue Code (IRC) tax qualified trust which was established through the CalPERS California Employers' Retiree Benefit Trust (CERBT) in April 2009. The plan also called for increasing amounts to be

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #13 – POST-RETIREMENT HEALTH CARE BENEFITS *(continued)***

funded into the trust each year until the full Annual Required Contribution (ARC), can be funded on an annual basis. The District is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 7.0 percent of annual covered payroll. CalPERS will publish aggregated GASB 43 compliant financial statements, notes and required supplementary information.

Since January 1991, the District's contribution to the health care plan was based on prior year's retiree contribution plus 10 percent of active contribution based on the "unequal method" for all levels of coverage.

Effective January 2009, the District's medical plan changed in several ways due to the new union negotiated contract. The District established a PERS cafeteria plan which includes an employer contribution, an employee cafeteria benefit contribution and an Extended Illness Benefit. Employer contributions to the plan are based on the "equal method". The District's contribution towards medical premiums for Bay Area HMO's is 85 percent of the 2009 premiums for all coverage levels and is fixed at that rate. For active employees, the District contributes to the cafeteria benefit in an amount that when added to the employer's contribution will equal 100 percent of the PERS Bay Area HMO plan premiums. Annual increases to the Bay Area HMO plan premiums will be added to the employee's cafeteria benefit each year to equal the monthly premium. Eligible employees who elect not to participate in PERS medical can receive a monthly Cafeteria Plan benefit that may only be used to purchase the Cafeteria Plan Extended Illness Benefit. The Extended Illness Benefit may only be used by an employee who is on an approved leave of absence pursuant to FMLA, California's Family Right Act ("CFRA") or the Pregnancy Disability Act ("PDA") and has used all accrued paid time off.

The District established a retiree medical reimbursement trust for active employees to make tax exempt payroll contributions to help employees save for future retiree medical costs. These funds can only be used upon retirement for internal revenue code deductible expenses (e.g. premium contributions and unreimbursed medical expenses).

In fiscal year ended June 30, 2009, the District contributed \$600,000 to the newly established trust fund through the CERBT. In addition, the District contributed \$1,267,000 in pay-as-you-go amounts for the year ended June 30, 2009. As of June 30, 2008 the District had not established the irrevocable trust fund and therefore amounts contributed of \$900,366 represents only the pay-as-you-go amount for the year ended June 30, 2008.

**C. Annual OPEB Cost and Net Obligation**

The District's annual OPEB cost (expense) is calculated based on the ARC of the employer. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan (in thousands) for the fiscal years ended June 30, 2009 and June 30, 2008:



**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**NOTE #13 – POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

	For the year ended June 30, 2009	For the year ended June 30, 2008
Annual Required contribution	\$3,391	\$3,228
Interest on net OPEB obligation	125	-
Adjustment to annual required contributions	(204)	-
Annual OPEB cost (expense)	3,312	3,228
Contributions made	(1,867)	(900)
Increase in net OPEB obligation	1,445	2,328
Net OPEB obligation, beginning of year	2,328	-
Net OPEB obligation, end of year	<u>\$3,773</u>	<u>\$2,328</u>

**C Annual OPEB Cost and Net Obligation (continued)**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows (in thousands):

Fiscal Year Ended June 30,	Annual OPEB Costs	Amount Contributed	Percentage Contributed	Net OPEB Obligation
2008	\$3,228	\$900	27.9%	\$2,328
2009	\$3,312	\$1,867	56.4%	\$3,773

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$31,938
Actuarial value of plan assets	613
Unfunded actuarial accrued liability (UAAL)	<u>\$31,325</u>
Funded ratio (actuarial value of plan assets/AAL)	1.9%
Covered payroll (active plan members)	\$48,510
UAAL as a percentage of covered payroll	64.6%

**SAN MATEO COUNTY TRANSIT DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2009**

**NOTE #13 – POST-RETIREMENT HEALTH CARE BENEFITS (continued)**

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress located in the required supplementary information section, shows multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***E. Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 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.

In the June 30, 2009 and June 30, 2008, actuarial valuation, the Entry Age Normal (EAN) cost method was used. The actuarial assumptions included a variable investment return rate ranging from 4.5 percent in 2008 to 7.75 percent in 2016 based on the Board approved funding plan which gradually increases funding in an IRC Irrevocable Trust and a three percent inflation rate. Healthcare cost trend rates ranged from an initial rate of 10.1 to 4.5 percent after 7 years. The actuarial value of the District’s assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 15-years. The UAAL is being amortized as a level percent of payroll on a closed basis. The remaining amortization period at June 30, 2009 was 28 years.

**NOTE #14 – SELF-INSURANCE**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District is self-insured for a portion of its public liability, property damage and workers’ compensation liability. As of June 30, 2009, coverage provided by self-insurance and excess coverage is generally as follows:

Type of Coverage	Self-Insurance (in Aggregate)	Excess Coverage (in Aggregate)
Public Liability and Property Damage	Up to \$1,000,000 per occurrence	\$100,000,000 per occurrence/annual aggregate
Workers' Compensation	Up to \$1,000,000 per occurrence	\$10,000,000 per occurrence

All property is insured at full replacement value. To date, there have been no significant reductions in any of the District’s insurance coverage. In the past three years, there has been only one settlement in excess of the District’s self insured retentions.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #14 – SELF-INSURANCE (continued)**

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported and incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balances. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Annual expense is charged using various allocation methods that include actual costs, trends in claims experience, and number of participants. It is the District’s practice to obtain full actuarial studies biennially.

Changes in the balances of claims liabilities for the two years ended June 30, 2009 and 2008 for public liability, property damage and workers’ compensation are as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Self-insurance liabilities, beginning of year	\$ 8,328	\$ 5,679
Incurred claims and changes in estimates	941	4,755
Claim payments and related costs	<u>(1,476)</u>	<u>(2,106)</u>
Total Self-insurance claims liabilities	7,793	8,328
Less current portion	<u>(1,912)</u>	<u>(3,627)</u>
Noncurrent portion	<u><u>\$ 5,881</u></u>	<u><u>\$ 4,701</u></u>

**NOTE #15 – JAPANESE OPERATING LEASE**

In Fiscal Year 2002, the District entered into two Japanese operating lease transactions (Leasing Transactions) with respect to 145 and 54 buses (Equipment), respectively, valued, in the aggregate, at \$48.2 million. In each Leasing Transaction, the District transferred title to the Equipment to a Japanese entity (Investor) and simultaneously leased the Equipment from the Investor for the District’s operating use pursuant to an Equipment Lease Agreement. At the end of the Equipment Lease Agreement term (in 2010), the District has an option to purchase the Equipment for a specified price. The District received aggregate net proceeds of \$1.5 million representing the difference between the appraised value of the buses and the net present value of the District’s

obligations under each Equipment Lease Agreement, including the purchase option price. The net proceeds of the Leasing Transactions were recorded as income in fiscal year 2002.

**NOTE #16 – PARATRANSIT TRUST FUND**

Early in calendar year 2009, the TA transferred the \$25 million corpus of the paratransit trust fund to the District for oversight. The TA established the trust fund to continue in perpetuity from Measure A sales tax revenues. The TA was required to transfer the corpus of the paratransit trust fund to the District for administration upon expiration of Measure A on December 31, 2008 per the 1988 Transportation Expenditure Plan. The District now administers the fund and utilizes earnings on the corpus to fund paratransit activities.

**NOTE #17 – COMMITMENTS AND CONTINGENCIES**

The District is directly and indirectly involved in various litigation matters relating principally to claims arising from construction contracts, personal injury and property damage. In addition, the District has identified several sites which require environmental assessment and could result in undetermined cleanup costs. The potential costs

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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**NOTE #17 – COMMITMENTS AND CONTINGENCIES (*continued*)**

to the District related to these environmental sites are highly uncertain, and the determination of the District's liability is dependent on the extent, if any, to which such costs are recoverable from insurance or other parties. In the opinion of District management, the ultimate resolution of these matters will not materially affect the District's financial position.

The District's grants are subject to review and audit. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grants. In the opinion of management, such disallowances, if any, will not materially affect the District's financial position.

As part of the separation agreement with BART, in February 2007 the District entered into a three-party agreement between MTC, BART, and the District. In this agreement, the District has assigned \$32 million to BART from State Infrastructure Bonds authorized by voter approved passage of Proposition 1B on November 7, 2006 and possibly in part from "spillover" funds allocated by MTC to come to the \$32 million. In fiscal year 2008, the District received \$8.1 million from MTC and forwarded the equivalent amount in sales tax revenue on to BART. MTC also forwarded an additional \$1.4 million in STA spillover funds originally designated for the District to BART in fiscal year 2008.

**NOTE #18 – SUBSEQUENT EVENT**

On July 17, 2009, the District entered into a diesel fuel price cap agreement with Deutsche Bank to hedge the cost of fuel which capped the price of fuel hedged by the District at \$2.00 per gallon saving the District approximately \$1.0 million in the Fiscal Year 2010 budget. The District purchases fuel based on the weekly spot price for ultra-low sulfur diesel. This method leaves the District open to fluctuation in the market for diesel fuel. The goal for the fuel hedging program was to reduce volatility and uncertainty in the fuel budget for Fiscal Year 2010. The District hedged 1.0 million gallons, which represents 50 percent of 11 months of estimated fuel consumption. In order to maximize the hedging program's potential for economic efficiency, the District partnered with the JPB, which hedged 2.0 million gallons. The agreement documents include a Credit Support Annex which provides protection to the District in the event that the rating of Deutsche Bank falls to or below A3/A-/A- by Moody's, Standard and Poor's or Fitch. Implementing a fuel hedging program at this time allowed the District to reduce uncertainty in the fuel budget for Fiscal Year 2010 and to take advantage of the relatively low market prices on the closing date of the transaction. Staff will return to the Board with results of the Fiscal Year 2010 fuel hedging program and a recommendation on whether to continue the program in Fiscal Year 2011.

**SAN MATEO COUNTY TRANSIT DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2009**

**SCHEDULE OF FUNDING PROGRESS**

**MISCELLANEOUS PLAN OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM<sup>[1]</sup>**

(in thousands)

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded (Overfunded) Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2006	\$ 144,755	\$ 141,062	\$ 3,693	97.4%	\$ 41,575	8.9%
6/30/2007	\$ 157,183	\$ 155,929	\$ 1,254	99.2%	\$ 43,468	2.9%
6/30/2008	\$ 170,303	\$ 170,139	\$ 164	99.9%	\$ 45,034	0.4%

[1] Most recent information available.

**SCHEDULE OF FUNDING PROGRESS**

**RETIREE HEALTHCARE**

(in thousands)

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded (Overfunded) Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2008	\$30,456	\$0	\$30,456	0.0%	\$45,584	66.8%
6/30/2009	31,938	613	31,325	1.9%	48,510	64.6%

**SAN MATEO COUNTY TRANSIT DISTRICT  
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES,  
CAPITAL OUTLAY, AND LONG-TERM DEBT PRINCIPAL PAYMENTS -  
COMPARISON OF BUDGET TO ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2009**

	<b>Budget</b>		<b>Variance</b>
	<b>(Unaudited)</b>	<b>Actual</b>	<b>Positive/ (Negative)</b>
OPERATING REVENUES - Passenger fares	\$ 17,112	\$ 17,325	\$ 213
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	60,191	61,063	(872)
Contract operations and maintenance services	31,306	28,710	2,596
Other services	4,592	4,655	(63)
Materials and supplies	11,466	8,432	3,034
Insurance	6,505	5,621	884
Miscellaneous	7,185	5,069	2,116
Total operating expenses	121,245	113,550	7,695
Operating loss	(104,133)	(96,225)	7,908
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Operating assistance	112,673	92,673	(20,000)
Investment income	864	1,164	300
Interest expense	(111)	(483)	(372)
Caltrain service subsidy	(16,521)	(16,521)	-
Interagency administration income	4,558	3,151	(1,407)
Other income, net	7,503	6,152	(1,351)
Total nonoperating income	108,966	86,136	(22,830)
Income before capital outlay and long-term debt principal payments	4,833	(10,089)	(14,922)
<b>CAPITAL OUTLAY:</b>			
Capital assistance	23,772	11,092	(12,680)
Capital expenditures	(34,802)	(11,092)	23,710
Net capital outlay	(11,030)	-	11,030
Long-term debt principal payment	(6,982)	(6,845)	137
<b>EXCESS (DEFICIENCY) OF REVENUES AND NONOPERATING INCOME OVER EXPENSES, CAPITAL OUTLAY AND DEBT PRINCIPAL PAYMENT</b>			
	\$ (13,179)	\$ (16,934)	\$ (3,755)

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**SAN MATEO COUNTY TRANSIT DISTRICT  
NOTES TO SUPPLEMENTARY SCHEDULE  
YEAR ENDED JUNE 30, 2009**

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**NOTE #1 – BUDGETARY BASIS OF ACCOUNTING**

The District prepares its budget on a basis of accounting that differs from Generally Accepted Accounting Principles (GAAP). The actual results of operations are presented in the Supplemental Schedule on the budgetary basis to provide a meaningful comparison of actual results with budget. In addition, certain budget amounts have been reclassified to conform to the presentation of actual amounts in the Supplemental Schedule. Budgeted amounts presented are the original adopted budget. The primary difference between the budgetary basis of accounting and GAAP concerns capital assets. Depreciation and amortization expense per GAAP is not budgeted and budgeted capital expenditures are not recorded as an expense per GAAP. In addition, unrealized gains and losses under GASB Statement No. 31 are not recognized.

**NOTE #2 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

A reconciliation of the budgetary basis of accounting to GAAP is as follows (in thousands):

Excess of revenues and non-operating income over expenses, capital outlay and debt principal payment		\$ (16,934)
Capital expenditures	\$ 11,092	
Interest expense	(17,191)	
Depreciation and amortization	(29,687)	
Postemployment benefits accrual (unfunded)	(1,645)	
Long-term debt principal payment	6,845	
GASB 31 unrealized gain/loss	3,963	
Reimbursed investment interest	6,074	
Capital gain/loss on investment	(1,371)	
Transfer of Paratransit Trust Fund Corpus	<u>25,000</u>	
Sub-total reconciling items		<u>3,080</u>
Change in net assets, GAAP basis		<u><u>\$ (13,854)</u></u>

# *Section III*

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## **STATISTICAL**

### **Financial Trends**

- **Net Assets and Change in Net Assets**

### **Revenue Capacity**

- **Revenue Base and Revenue Rate**
- **Overlapping Revenue**
- **Principal Revenue Payers**

### **Debt Capacity**

- **Ratios of Outstanding Bonds**
- **Bonded Debt**
- **Direct and Overlapping Debt and Debt Limitations**
- **Pledged Revenue Coverage**

### **Demographics and Economic Information**

- **Population and Income**
- **Unemployment Rates**
- **Principal Employers**

### **Operating Information**

- **Ridership and Fares**
- **Farebox Recovery and Miles**
- **Employees (Full-time Equivalents)**
- **Capital Assets**



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## **STATISTICAL SECTION**

The Statistical Section of the District's CAFR presents detailed information as a context for understanding the information in the financial statement, notes disclosure, required supplementary information and other supplementary information for assessing the District's economic condition.

### **Financial Trends**

These schedules contain trend information to assist readers in understanding and assessing how the District's financial position has changed over time.

### **Revenue Capacity**

These schedules contain information to assist readers in understanding and assessing the factors affecting the District's ability to generate passenger fares.

### **Debt Capacity**

These schedules assist readers in understanding and assessing the District's debt burden and its capacity to issue future debt.

### **Demographic and Economic Information**

These schedules present socioeconomic indicators to assist readers in understanding the environment within which the District's financial activities take place.

### **Operating Information**

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

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**FINANCIAL TRENDS – NET ASSETS AND CHANGES IN NET ASSETS**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<b>Fiscal year</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
OPERATING REVENUES - Passenger Fares	\$ 17,325	\$ 17,203	\$ 16,830	\$ 16,296
OPERATING EXPENSES:				
Salaries and benefits	62,708	64,175	58,521	56,944
Contract operations and maintenance	28,710	27,902	26,482	24,338
Other services	4,655	3,747	3,580	3,948
Materials and supplies	8,432	9,589	8,151	7,102
Insurance	5,621	6,074	6,010	4,927
Miscellaneous	6,437	6,050	5,379	5,288
Total operating expenses	116,563	117,537	108,123	102,547
Operating loss before depreciation, amortization and administrative expenses capitalized	(99,238)	(100,334)	(91,293)	(86,251)
Depreciation and amortization	(29,687)	(23,899)	(40,399)	(42,635)
OPERATING LOSS	(128,925)	(124,233)	(131,692)	(128,886)
NONOPERATING REVENUES (EXPENSES):				
Operating assistance	92,673	109,227	108,836	95,015
Investment income	9,830	11,637	9,745	6,690
Interest expense	(17,674)	(17,783)	(18,075)	(17,969)
Caltrain service subsidy	(16,521)	(16,040)	(14,478)	(12,929)
SFO/Colma BART station revenue/(deficit)	-	-	(5,289)	(9,620)
Lease-leaseback income	-	-	-	-
Interagency administrative income	3,151	8,327	6,944	6,054
Other income, net	7,520	4,587	11,407	4,756
Paratransit Trust Fund (Note 17)	25,000	-	-	-
Total nonoperating revenues, net	103,979	99,955	99,090	71,997
Net income (loss) before capital contributions	(24,946)	(24,278)	(32,602)	(56,889)
Capital contributions	11,092	12,202	7,033	9,576
CHANGE IN NET ASSETS	(13,854)	(12,076)	(25,569)	(47,313)
NET ASSET COMPONENTS				
Invested in capital assets, net of related debt	(46,833)	(35,006)	(33,619)	(20,253)
Restricted	28,058	3,517	3,569	3,390
Unrestricted	152,578	179,146	189,783	202,165
NET ASSETS	\$ 133,803	\$ 147,657	\$ 159,733	\$ 185,302

Source: CAFRs.

This table presents revenues and expenses, contributions, depreciation and amortization and net asset components.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE**  
**FISCAL YEARS 2000 THROUGH 2009**

<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
\$ 13,863	\$ 14,542	\$ 15,273	\$ 14,779	\$ 15,919	\$ 15,196
53,420	53,521	49,339	41,918	36,611	32,293
22,751	23,365	22,982	23,567	20,342	17,151
3,546	2,568	2,548	3,184	3,152	3,188
4,943	4,683	5,157	4,507	5,225	4,995
3,774	4,360	3,568	3,248	2,578	3,413
5,004	5,088	7,436	5,359	4,006	3,871
<u>93,438</u>	<u>93,585</u>	<u>91,030</u>	<u>81,783</u>	<u>71,914</u>	<u>64,911</u>
(79,575)	(79,043)	(75,757)	(67,004)	(55,995)	(49,715)
<u>(40,232)</u>	<u>(36,675)</u>	<u>(37,275)</u>	<u>(39,338)</u>	<u>(38,744)</u>	<u>(36,198)</u>
(119,807)	(115,718)	(113,032)	(106,342)	(94,739)	(85,913)
85,337	82,550	67,330	87,903	87,640	82,785
5,770	2,244	16,131	20,767	28,333	13,092
(17,948)	(18,440)	(19,146)	(19,836)	(20,733)	(21,170)
(14,588)	(14,296)	(14,296)	(14,355)	(13,820)	(13,224)
(8,095)	(18,000)	311	923	1,311	1,613
-	-	-	1,513	-	-
6,595	8,654	10,239	2,855	1,775	1,311
6,105	4,454	6,724	5,777	3,623	1,988
-	-	-	-	-	-
<u>63,176</u>	<u>47,166</u>	<u>67,293</u>	<u>85,547</u>	<u>88,129</u>	<u>66,395</u>
(56,631)	(68,552)	(45,739)	(20,795)	(6,610)	(19,518)
12,415	32,568	44,701	27,325	16,808	13,240
<u>(44,216)</u>	<u>(35,984)</u>	<u>(1,038)</u>	<u>6,530</u>	<u>10,198</u>	<u>(6,278)</u>
10,533	25,045	40,150	22,638	59,680	66,538
13,659	19,171	20,998	22,081	78,694	86,399
208,423	232,615	251,667	269,134	168,949	144,188
<u>\$ 232,615</u>	<u>\$ 276,831</u>	<u>\$ 312,815</u>	<u>\$ 313,853</u>	<u>\$ 307,323</u>	<u>\$ 297,125</u>

**SAN MATEO COUNTY TRANSIT DISTRICT  
REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE  
FISCAL YEARS 2000 THROUGH 2009**

<b>Fiscal year ending</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Passenger fares (in thousands)	\$ 17,325	\$ 17,203	\$ 16,830
<b>Revenue Base</b>			
Number of passengers (in thousands)	15,284	14,915	14,669
<b>Fare structure</b>			
Adults local fare	\$ 1.75	\$ 1.50	\$ 1.50
Senior citizen / disabled/ Medicare cardholder	\$ 0.75	\$ 0.75	\$ 0.75
Youth	\$ 1.00	\$ 1.00	\$ 1.00
Redi-Wheels (Paratransit)	\$ 3.00	\$ 2.50	\$ 2.50
Sales tax rate	0.50%	0.50%	0.50%
Sales tax revenue (in thousands)	\$ 60,015	\$ 68,667	\$ 66,198
<b>Taxable sales in San Mateo</b>			
County (in thousands)	\$ 12,003,091 <sup>[1]</sup>	\$ 13,733,324 <sup>[1]</sup>	\$ 13,326,306

[1] 2008 and 2009 taxable sales are estimates derived from sales tax revenues received.

Source: California State Board of Equalization and CAFRs.

This table presents passenger fares, number of passengers and revenue fare structure, the half-cent transaction and use tax received by the District and the total taxable sales in San Mateo County.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE**  
**FISCAL YEARS 2000 THROUGH 2009**

<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
\$ 16,296	\$ 13,863	\$ 14,542	\$ 15,273	\$ 14,779	\$ 15,919	\$ 15,196
14,508	14,510	15,069	16,432	17,236	18,170	17,871
\$ 1.50	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.10	\$ 1.10	\$ 1.10
\$ 0.75	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.50	\$ 0.50	\$ 0.50
\$ 1.00	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
\$ 2.50	\$ 2.00	\$ 2.00	\$ 2.00	\$ 1.50	\$ 1.50	\$ 1.50
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
\$ 63,813	\$ 59,958	\$ 55,397	\$ 54,862	\$ 57,156	\$ 66,739	\$ 63,069
\$12,900,391	\$12,451,350	\$11,808,074	\$11,358,439	\$11,614,809	\$12,859,589	\$14,044,016

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**SAN MATEO COUNTY TRANSIT DISTRICT  
REVENUE CAPACITY – OVERLAPPING REVENUE  
FISCAL YEARS 2000 THROUGH 2009**

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<b>Fiscal year</b>	<b>State</b>	<b>City and County</b>	<b>Other Special Districts</b>	<b>San Mateo County Transit District <sup>[1]</sup></b>	<b>Total</b>
2009	7.25% <sup>[2]</sup>	1.00%	0.50%	0.50%	2.00%
2008	6.25%	1.00%	0.50%	0.50%	8.25%
2007	6.25%	1.00%	0.50%	0.50%	8.25%
2006	6.25%	1.00%	0.50%	0.50%	8.25%
2005	6.25%	1.00%	0.50%	0.50%	8.25%
2004	6.00%	1.25%	0.50%	0.50%	8.25%
2003	6.00%	1.25%	0.50%	0.50%	8.25%
2002	6.00%	1.25%	0.50%	0.50%	8.25%
2001	5.75%	1.25%	0.50%	0.50%	8.00%
2000	6.00%	1.25%	0.50%	0.50%	8.25%

[1] State legislation requires the District to obtain the approval of a majority of the voters in a public election to approve any sales tax measure.

[2] 2009 State portion includes 1 percent Proposition 1A one-cent sales tax increase effective on April 1, 2009.

This table presents the tax rates for local authorities in San Mateo County. The District receives a half-cent county transaction and use tax.

**SAN MATEO COUNTY TRANSIT DISTRICT  
REVENUE CAPACITY – PRINCIPAL REVENUE PAYERS  
FISCAL YEARS 2008 and 2001 (in thousands)**

<b>Principal Revenue Payers</b>	<b>2008</b>			<b>2001</b>		
	<b>Rank</b>	<b>Percent of Taxable Sales</b>	<b>Amount</b>	<b>Rank</b>	<b>Percent of Taxable Sales</b>	<b>Amount</b>
Total all other outlets	1	29.2%	\$ 3,937,226	1	33.7%	\$ 4,710,908
Other retail stores	2	11.4%	1,537,179	3	12.0%	1,680,495
Automotive, boat, motorcycle and plane	3	10.7%	1,438,850	2	13.2%	1,839,587
General merchandise stores	4	10.1%	1,358,858	4	9.0%	1,250,564
Eating/drinking	5	9.5%	1,276,493	5	7.2%	999,003
Service stations	6	7.9%	1,068,760	6	5.8%	813,817
Building materials and farm implements	7	6.0%	810,547	7	5.7%	794,908
Business and personal services	8	5.0%	668,717	8	4.5%	629,613
Home furnishings and appliances	9	3.8%	513,869	9	3.4%	479,495
Food stores	10	3.3%	445,192	10	3.0%	412,230
Apparel stores	11	3.2%	426,676	11	2.5%	350,957
<b>Total</b>		<b>100.0%</b>	<b>\$ 13,482,367</b>		<b>100.0%</b>	<b>\$ 13,961,577</b>

Source: California State Board of Equalization

This table ranks the top 11 principal tax payers by industry.



**SAN MATEO COUNTY TRANSIT DISTRICT**  
**DEBT CAPACITY – RATIOS OF OUTSTANDING BONDS**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<b>Fiscal Year</b>	<b>Revenue Bonds for SamTrans</b> <sup>[1]</sup>	<b>Personal Income for San Mateo County</b> <sup>[2]</sup>	<b>As a Percent of Personal Income</b>
2009	\$ 329,905	\$ 53,413,393	0.62%
2008	337,800	51,857,663	0.65%
2007	345,205	50,347,246	0.69%
2006	351,520	46,881,900	0.75%
2005	349,800	42,846,390	0.82%
2004	366,985	39,408,618	0.93%
2003	383,460	36,466,977	1.05%
2002	399,260	36,736,603	1.09%
2001	414,405	39,395,344	1.05%
2000	428,935	41,730,460	1.03%

[1] CAFRs

[2] U.S. Department of Commerce, Bureau of Economic Analysis, calendar year figures. Data for 2008 and 2009 are based on an estimated three percent annual increase over 2007.

This table presents the relationship between the revenue bonds and the total personal income of the residents of San Mateo County

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**DEBT CAPACITY – BONDED DEBT**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<b>Fiscal Year</b>	<b>Revenue Bonds for SamTrans</b>	<b>Total Taxable Sales in San Mateo County</b>	<b>As a Percent of Total Taxable Sales in San Mateo County</b>
2009	\$329,905	\$12,003,091 <sup>[1]</sup>	2.75%
2008	337,800	13,733,324 <sup>[1]</sup>	2.46%
2007	345,205	13,326,306	2.59%
2006	351,520	12,900,391	2.72%
2005	349,800	12,451,350	2.81%
2004	366,985	11,808,074	3.11%
2003	383,460	11,358,439	3.38%
2002	399,260	11,614,809	3.44%
2001	414,405	12,859,589	3.22%
2000	428,935	14,044,016	3.05%

[1] 2008 and 2009 taxable sales are estimates derived from sales tax revenues received.

Source: CAFRs & California State Board of Equalization based on sales tax revenues received

This table presents the capacity of the District to issue revenue bonds based on total taxable sales in San Mateo County.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
DEBT CAPACITY – DIRECT AND OVERLAPPING DEBT AND DEBT LIMITATION  
YEAR ENDED JUNE 30, 2009**

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The District does not have overlapping debt with other governmental agencies. Additionally, the District does not have a legal debt limit.

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**SAN MATEO COUNTY TRANSIT DISTRICT**  
**DEBT CAPACITY – PLEDGED REVENUE COVERAGE**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

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<b>Fiscal Year</b>	<b>Sales Tax Revenue</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2009	\$60,012	\$6,940	\$16,115	\$23,055	3
2008	68,667	6,620	16,801	23,421	3
2007	66,198	6,315	17,265	23,580	3
2006	63,813	6,025	13,175	19,200	3
2005	59,958	17,185	17,489	34,674	2
2004	55,397	16,475	17,976	34,451	2
2003	54,862	15,800	18,686	34,486	2
2002	57,156	15,145	19,407	34,552	2
2001	66,739	14,530	20,451	34,981	2
2000	63,069	13,340	20,441	33,781	2

Source: CAFRs.

This table presents the relationship between total sales tax revenue, debt service payments and the capacity of the District to meet its debt obligations.

**SAN MATEO COUNTY TRANSIT DISTRICT  
 DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION AND INCOME  
 FISCAL YEARS 2007 AND 2000**

	<u>2007</u>	<u>2000</u>	<u>Percent Change 2000 - 2007</u>
<b>Total Population</b>	706,984	707,161	0.0%
<b>Persons Per Household</b>	2.82	2.74	2.9%
<b>Median Household Income</b>	\$ 82,913	\$ 70,819	17.1%
<b>Personal Income (in millions)</b>	\$ 50,347 <sup>[1]</sup>	\$ 41,730	20.7%
<b>Per Capita Income</b>	\$ 71,753 <sup>[1]</sup>	\$ 58,905	21.8%
<b>Minority Population:</b>			
Black	23,292	24,840	-6.2%
Hispanic	162,508	154,708	5.0%
Asian	170,528	141,684	20.4%
Native American	3,480	3,140	10.8%
<b>Total</b>	<u>359,808</u>	<u>324,372</u>	<u>10.9%</u>
<b>Percent of Minority Population to Total Population</b>	50.9%	45.9%	11.0%
<b>Population by Age:</b>			
4 years and younger	47,076	45,374	3.8%
5 to 17 years	157,575		N/A
5 to 19 years		131,912	N/A
18 to 64 years	409,243		N/A
20 to 64 years		441,790	N/A
65-plus	93,090	88,085	5.7%
<b>Percent of Employed Residents to Total Population</b>	80.1%	52.9%	51.4%
<b>Percent of Residents Working Outside of San Mateo County</b>	42.9% <sup>[2]</sup>	41.8% <sup>[2]</sup>	2.6%
<b>Percent of People Commuting to San Mateo County for Work</b>	41.0% <sup>[3]</sup>	41.5% <sup>[2]</sup>	-1.2%

[1] Bureau of Economic Analysis, BEARFACTS 1997 - 2007, San Mateo, California [06081], most current information available.

[2] Metropolitan Transportation Commission

[3] San Francisco Business Times, "Transit agencies try to do more with less," August 29, 2008.

Source: United States Census Bureau.

This table highlights San Mateo County's total population, median household income, per capita income, population by age and percentage of employed residents.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
DEMOGRAPHICS AND ECONOMIC INFORMATION – UNEMPLOYMENT RATES  
FISCAL YEARS 2000 THROUGH 2009**

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<b>Year</b>	<b>Unemployment Rates</b>
2009	9.0% <sup>[1]</sup>
2008	4.7%
2007	3.8%
2006	3.7%
2005	4.3%
2004	4.9%
2003	5.8%
2002	5.7%
2001	3.8%
2000	2.9%

Source: California Employment Development Department.

[1] 2009 rate is as of June 2009.

This table presents the unemployment rates for San Mateo County.

**SAN MATEO COUNTY TRANSIT DISTRICT  
 DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS  
 FISCAL YEARS 2009 AND 1999**

Employers in San Mateo County	2009			1999		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
United Airlines	9,600	1	2.76%	17,400	1	4.46%
Genentech Inc.	8,250	2	2.37%	2,839	7	0.73%
Oracle Corporation	5,642	3	1.62%	14,000	2	1.22%
County of San Mateo	5,443	4	1.56%	4,761	3	3.59%
Kaiser Permanente	3,780	5	1.09%			
Safeway Inc.	2,273	6	0.65%	1,973	10	0.51%
Electronic Arts	2,000	7	0.57%			
San Mateo County Community College District	1,950	8	0.56%			
Mills Peninsula Health	1,800	9	0.52%			
United States Postal Service	1,671	10	0.48%	2,937	4	0.75%
Raychem Corporation				2,900	5	0.74%
American Airlines				2,700	8	0.69%
Franklin Templeton Corporation				2,849	6	0.73%
CHW West Bay Hospital				2,373	9	0.61%
<b>Total</b>	<b>42,409</b>		<b>12.18%</b>	<b>54,732</b>		<b>14.03%</b>

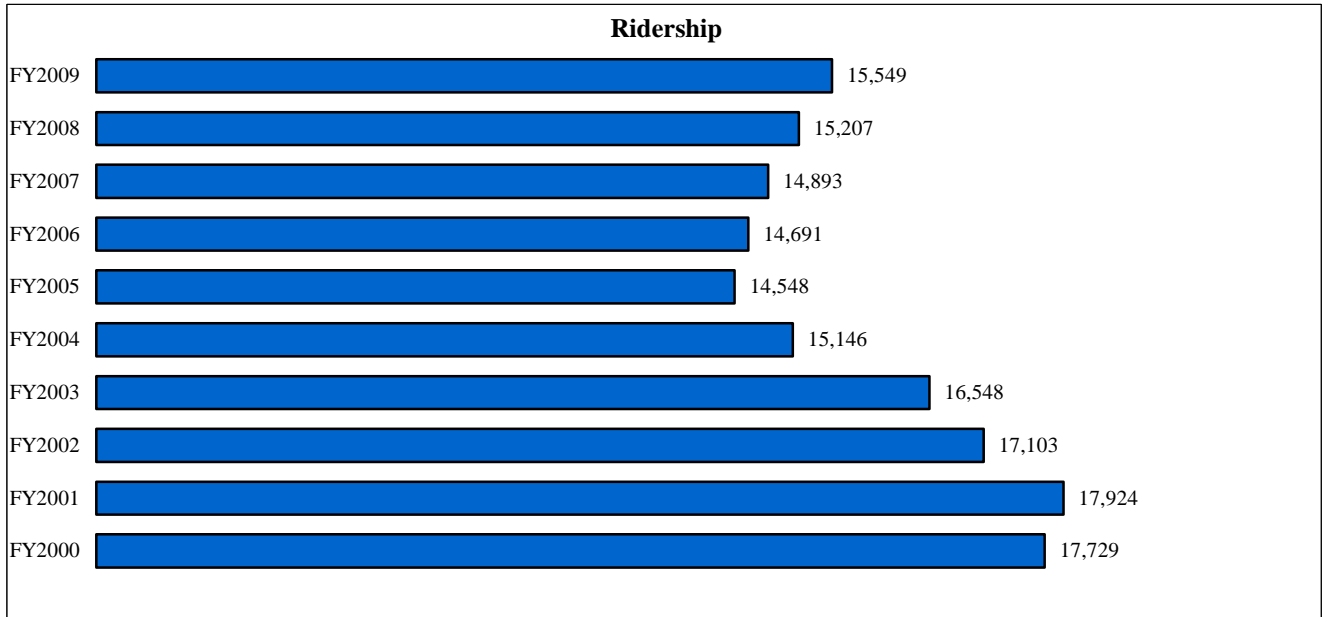
Source: County of San Mateo.

This table presents the top 10 principal employers in San Mateo County for 2009 and 1999.

**SAN MATEO COUNTY TRANSIT DISTRICT  
 OPERATING INFORMATION – RIDERSHIP AND FARES  
 FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

**FIXED -ROUTE RIDERSHIP**

Ridership increased minimally between FY2008 and FY2009.



**FIXED-ROUTE PASSENGER FARES**

The District made modest fare adjustments in July 2002, September 2005 and February 2009.



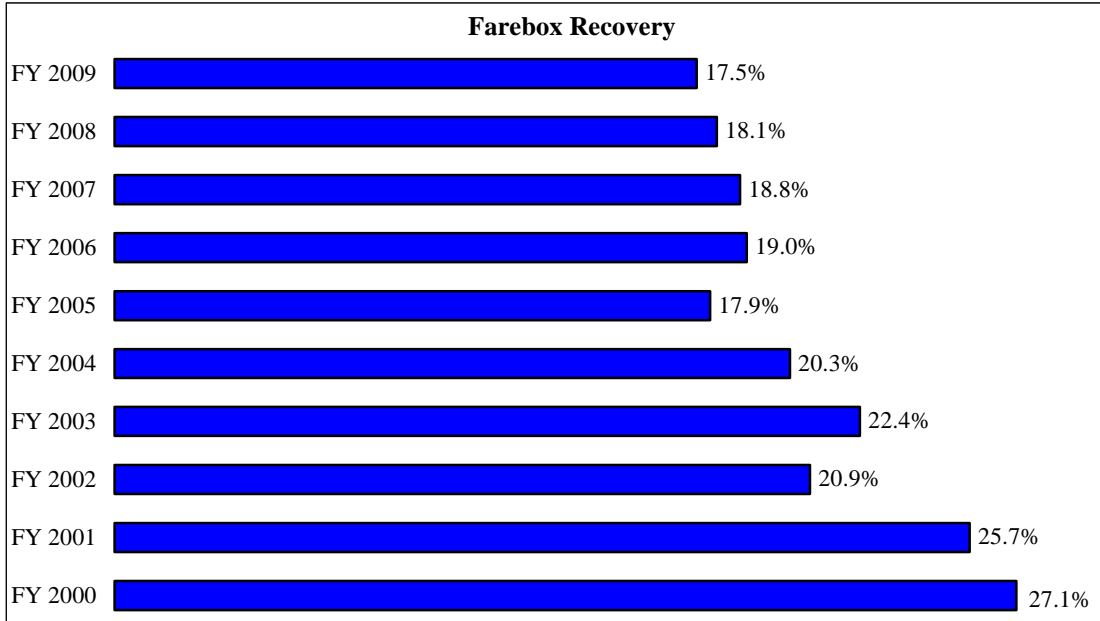
Bus passenger fares table presents the total bus fare revenue for each fiscal year.



**SAN MATEO COUNTY TRANSIT DISTRICT  
 OPERATING INFORMATION – FAREBOX RECOVERY AND MILES  
 FISCAL YEARS 2000 THROUGH 2009**

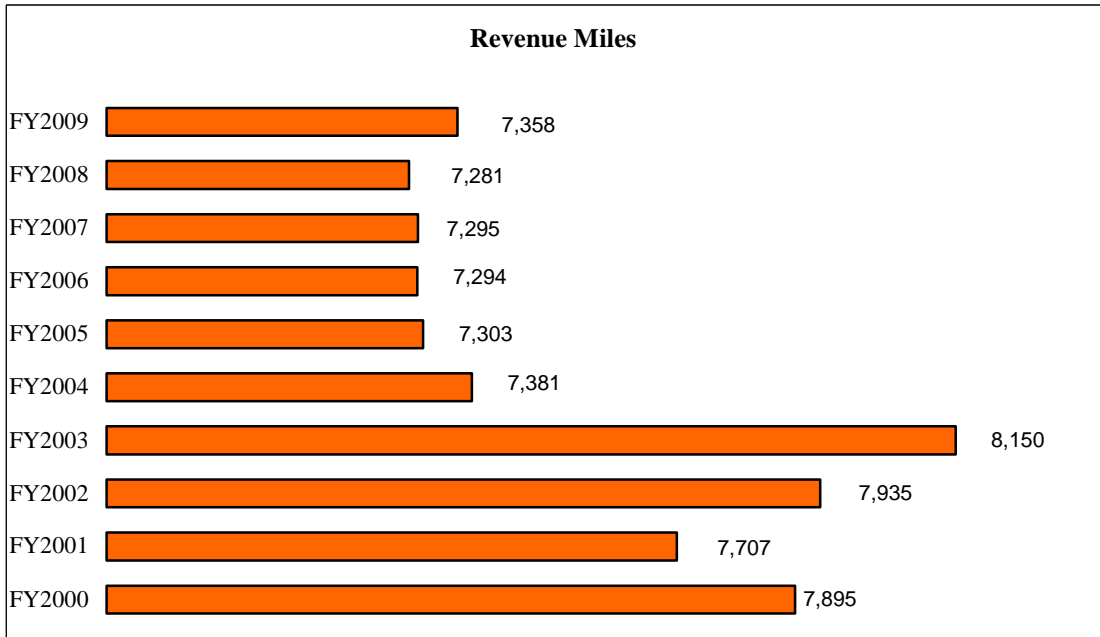
FIXED-ROUTE FAREBOX RECOVERY

Farebox recovery is based on fixed-route fare revenues divided by fixed-route total operating expenses. The farebox recovery ratio decreased slightly from FY2008 to FY2009.



FIXED-ROUTE REVENUE MILES (in thousands)

Fixed-route total miles increased minimally between FY2008 and FY2009.



Fixed-route data includes La Honda and shuttle service, which makes up less than 5 percent of the total data. The table presents the total fixed-route miles traveled.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**OPERATING INFORMATION – EMPLOYEES (FULL-TIME EQUIVALENTS)**  
**FISCAL YEARS 2004 THROUGH 2009**

<b>Division</b>	<b>Full-time Equivalents</b>					
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Executive	4.55	4.80	4.80	6.00	6.00	6.00
Administration	42.85	43.35	42.70	38.76	36.56	46.29
Communication	29.97	29.58	33.75	35.77	36.17	43.76
Development	15.12	13.75	11.57	14.84	13.40	14.83
Finance	33.30	33.40	31.30	29.37	18.31	21.88
Operations	502.25	502.50	507.20	500.37	513.13	522.82
Total	628.04	627.38	631.32	625.11	623.57	655.58

Note: Employee counts are for Full-time Equivalents (FTEs) for the District. Data for 2000 through 2003 was not available.

Source: Operating and capital budgets.

This table presents total Full-time Equivalents by division.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**OPERATING INFORMATION – CAPITAL ASSETS**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Depreciable Capital Assets</b>				
Buses and bus equipment	\$ 140,767	\$ 142,856	\$ 158,180	\$ 154,924
Buildings and building improvements	73,868	73,686	73,237	73,237
Maintenance and other equipment	14,591	24,718	25,500	23,710
Furniture and fixtures	14,447	13,033	13,875	13,875
Shelters and bus stop signs	3,165	3,271	3,313	3,313
Other vehicles	2,343	2,015	2,363	2,363
Total depreciable capital assets	<u>249,181</u>	<u>259,579</u>	<u>276,468</u>	<u>271,422</u>
<b>Accumulated Depreciation*</b>				
Buses and bus equipment	(102,625)	(97,768)	(105,380)	(105,380)
Buildings and building improvements	(51,205)	(48,862)	(46,734)	(46,734)
Maintenance and other equipment	(11,454)	(22,538)	(22,350)	(22,350)
Furniture and fixtures	(12,286)	(8,244)	(8,474)	(8,474)
Shelters and bus stop signs	(3,148)	(3,248)	(3,200)	(3,200)
Other vehicles	(1,586)	(1,671)	(2,098)	(2,098)
Total accumulated depreciation	<u>(182,304)</u>	<u>(182,331)</u>	<u>(188,236)</u>	<u>(188,236)</u>
<b>Nondepreciable Capital Assets</b>				
Land and right of way	51,435	51,435	43,695	43,695
Construction in progress	16,968	18,772	15,713	15,713
Total nondepreciable capital assets	<u>68,403</u>	<u>70,207</u>	<u>59,408</u>	<u>59,408</u>
<b>Capital Assets, Net</b>	<u><u>\$ 135,280</u></u>	<u><u>\$ 147,455</u></u>	<u><u>\$ 147,640</u></u>	<u><u>\$ 142,594</u></u>

Source: CAFRs.

\* The District used weighted average from 2001 through 2005 to categorize accumulated depreciation by asset for fiscal year 2000.

This table presents total nondepreciable capital assets, total depreciable capital assets and total accumulated depreciation.

**SAN MATEO COUNTY TRANSIT DISTRICT**  
**OPERATING INFORMATION – CAPITAL ASSETS**  
**FISCAL YEARS 2000 THROUGH 2009 (in thousands)**

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 151,580	\$ 137,885	\$ 116,500	\$ 100,419	\$ 95,704	\$ 95,960
72,083	70,029	68,643	64,854	64,486	55,341
22,883	20,117	19,613	17,458	11,419	8,849
13,329	13,229	13,143	7,613	10,861	9,593
3,304	2,830	2,564	2,226	2,202	1,999
2,354	2,354	2,613	2,204	2,199	2,055
<u>265,533</u>	<u>246,444</u>	<u>223,076</u>	<u>194,774</u>	<u>186,871</u>	<u>173,797</u>
(82,326)	(69,185)	(80,959)	(72,520)	(65,096)	(55,000)
(41,654)	(38,733)	(35,848)	(32,453)	(28,701)	(26,294)
(18,852)	(17,137)	(16,770)	(15,173)	(11,836)	(12,123)
(7,358)	(6,765)	(6,186)	(5,138)	(4,195)	(4,543)
(2,755)	(2,394)	(2,248)	(2,073)	(1,829)	(1,697)
(2,196)	(2,088)	(2,117)	(1,865)	(1,572)	(1,410)
<u>(155,141)</u>	<u>(136,302)</u>	<u>(144,128)</u>	<u>(129,222)</u>	<u>(113,229)</u>	<u>(101,067)</u>
43,695	43,695	43,695	43,695	36,592	35,759
10,957	18,750	32,410	18,366	8,526	13,325
<u>54,652</u>	<u>62,445</u>	<u>76,105</u>	<u>62,061</u>	<u>45,118</u>	<u>49,084</u>
<u>\$ 165,044</u>	<u>\$ 172,587</u>	<u>\$ 155,053</u>	<u>\$ 127,613</u>	<u>\$ 118,760</u>	<u>\$ 121,814</u>

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# *Section IV*

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## **SINGLE AUDIT**

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 *Governmental Auditing Standards*

Independent Auditor's Report On Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Independent Auditor's Report on Compliance with Requirements Applicable to the Transportation Development Act

Schedule of Expenditures of Federal Awards and Notes

Summary of Auditor's Results

Financial Statement Findings and Recommendations

Schedule of Federal Award Findings and Questioned Costs

Status of Prior Year Findings and Recommendations



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

To the Board of Directors  
San Mateo County Transit District  
San Carlos, California

We have audited the financial statements of the San Mateo County Transit District (District) as of and for the year ended June 30, 2009, and have issued our report thereon, dated November 30, 2009. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

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

This report is intended for the information of the Board of Directors, management, federal granting agencies and the Controller of the State of California, and is not intended to be and should not be used by anyone other than these specified parties.

Varrinck Trime Day + Co. LLP

Palo Alto, California  
November 30, 2009





REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors  
San Mateo County Transit District  
San Carlos, California

**Compliance**

We have audited the compliance of the San Mateo County Transit District (District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

A *control deficiency* in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the JPB's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the District as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements of the District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, federal awarding agencies and the Controller of the State of California, and is not intended to be and should not be used by anyone other than these specified parties.

Vawrinek Trime Day + Co. LLP

Palo Alto, California  
November 30, 2009



COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE  
TRANSPORTATION DEVELOPMENT ACT

To the Board of Directors  
San Mateo County Transit District  
San Carlos, California

We have audited the financial statements of the San Mateo County Transit District (District) as of and for the year ended June 30, 2009, and have issued our report thereon, dated November 30, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants is the responsibility of the management of the District. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of the Transportation Development Act, as amended and allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6667 of Title 21 of the California Code of Regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The result of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* and the standards referred to in the second and third paragraphs.

This report is intended solely for the information and use of the Board of Directors and management of the District and for filing with the Metropolitan Transportation Commission and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek Trine Day + Co. LLP

Palo Alto, California  
November 30, 2009

SAN MATEO COUNTY TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009

Grant Program	Federal Catalog Number	Expenditures
U.S. Department of Transportation, Federal Transit Administration		
Federal Transit Cluster:		
Federal Transit - Formula Grants <sup>[1]</sup>		
CA-90-Y154 Capital Grant	20.507	\$ 199,686
CA-90-Y344 Capital Grant	20.507	442,907
CA-90-Y344 Operating Grant	20.507	137,663
CA-90-Y-448 Capital Grant	20.507	50,067
CA-90-Y-525 Capital Grant	20.507	149,691
CA-90-Y-525 Operating Grant	20.507	62,337
CA-90-Y-612 Capital Grant	20.507	1,270,451
CA-90-Y-612 Operating Grant	20.507	640,885
CA-90-Y-0768 Operating Grant	20.507	28,800
CA-96-X021 Operating Grant - ARRA	20.507	4,787,827
CA-04-0020 Capital Grant	20.507	141,924
CA-37-X066 - Job Access Reverse Commute - Operating Grant	20.516	270,198
High Priority Program ("HPP") earmark for Project #1942	20.500	162,616
Subtotal		<u>8,345,052</u>
Nonurbanized Area Formula Grants:		
Section 5311(f) - Operating	20.509	138,000
Section 5311 - Operating	20.509	138,650
Subtotal		<u>276,650</u>
Passed through the California Metropolitan Transportation Commission		
CA-81-2003(01) - Section 5303 - Operating	20.505	14,841
GBI TCP - Section 5304	20.505	103,362
New Freedom Grant - Section 5317	20.521	61,274
		<u>179,477</u>
U.S. Department of Homeland Security <sup>[1]</sup>		
FY06 Transit Security Grant - Operation Training	97.075	3,500
FY06 Transit Security Grant - Capital	97.075	342,937
Subtotal		<u>346,437</u>
Total Expenditures of Federal Awards		<u>\$ 9,147,616</u>

[1] Major Program

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

**A. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the San Mateo County Transit District (District). The District's reporting entity is defined in Note #1 in the District's financial statements. All federal awards received directly from federal agencies, well as federal awards passed through other governmental agencies to the District are included in the accompanying schedule.

**B. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note #1 in the District's financial statements.

**C. Relationship to the Basic Financial Statements**

Federal financial assistance is reported in the District's financial statements as federal operating assistance and capital contributions.

**D. Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports. However, certain federal financial reports are filed based on cash expenditures. As such, certain timing differences may exist in the recognition of revenues and expenditures between the Schedule of Expenditures of Federal Awards and the federal financial reports.

**SAN MATEO COUNTY TRANSIT DISTRICT  
SUMMARY OF AUDITOR'S RESULTS  
YEAR ENDED JUNE 30, 2009**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>20.500 and 20.507</u>	<u>Federal Transit Cluster</u>
<u>97.075</u>	<u>Transit Security Grants</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

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**SAN MATEO COUNTY TRANSIT DISTRICT  
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2009**

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There were no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards.

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**SAN MATEO COUNTY TRANSIT DISTRICT  
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

---

There were no findings representing reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.



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**SAN MATEO COUNTY TRANSIT DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2009**

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There were no prior year findings or recommendations.



BOARD OF DIRECTORS 2010

OMAR AHMAD  
MARK CHURCH  
JERRY DEAL  
ROSE GUILBAULT  
SHIRLEY HARRIS  
ZOE KERSTEEN-TUCKER  
ARTHUR L. LLOYD  
KARYL MATSUMOTO  
ADRIENNE TISSIER

MICHAEL J. SCANLON  
GENERAL MANAGER/CEO

**A G E N D A**  
**LEGISLATIVE COMMITTEE**  
**COMMITTEE OF THE WHOLE**

**San Mateo County Transit District Administrative Building**  
**Bacciocco Auditorium - Second Floor**  
**1250 San Carlos Ave., San Carlos, CA**

**WEDNESDAY, JANUARY 13, 2010 – 2:40 p.m.**  
or immediately following previous Committee meeting

**ACTION**

1. Approval of Minutes of Legislative Committee Meeting of December 9, 2009
2. Approval of 2010 State and Federal Legislative Program

**INFORMATIONAL**

3. State and Federal Legislative Update

Committee Members: Mark Church, Rose Guilbault

NOTE:

- This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.
- All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

Draft

**SAN MATEO COUNTY TRANSIT DISTRICT  
1250 SAN CARLOS AVENUE, SAN CARLOS, CALIFORNIA**

**MINUTES OF LEGISLATIVE COMMITTEE MEETING  
COMMITTEE OF THE WHOLE  
DECEMBER 9, 2009**

Committee Members Present: M. Church (Committee Chair), R. Guilbault

Other Board Members Present, Constituting Committee of the Whole: J. Deal, S. Harris, Z. Kersteen-Tucker, A. Lloyd, K. Matsumoto, A. Tissier

Staff Present: G. Harrington, C. Harvey, R. Haskin, M. Lee, M. Martinez, N. McKenna, D. Miller, K. Rothschild M. Scanlon, M. Simon

Committee Chair Mark Church called the meeting to order at 2:37 p.m.

**Approval of Minutes of Legislative Committee Meeting of November 12, 2009**

The committee approved the minutes (Harris/Lloyd).

**Update on the State Legislative Program**

Government Affairs Officer Kim Rothschild provided the following report:

- The Assembly Transportation Committee held two hearings on the State transit funding crisis.
- Assemblyman John Perez from Los Angeles is the favorite to replace current Assembly Speaker Karen Bass.

**Update on the Federal Legislative Program**

- Government Affairs Manager Seamus Murphy is in Washington, D.C., meeting with Congresswomen Jackie Speier and Anna Eshoo. He has already met with newly elected Congressman John Garamendi, recently appointed to the Transportation and Infrastructure Committee, the only Bay Area representative on the committee.
- The Conference Committee approved the Transportation Housing and Urban Development (THUD) HR 3288 bill. This will be added into an omnibus spending package that will also include the Jobs Bill. The Defense Appropriations Bill will be held out of this package and include the alternative fuel tax credit extension. Staff has submitted letters of support on this bill.
- Several relevant transportation programs in THUD include \$2.5 billion for High Speed Rail (HSR), \$50 million for nationwide positive train control implementation, \$1.25 million for Caltrain's positive train control project and \$150 million for the East Palo Alto Housing Urban Development (HUD) Department of Transportation (DOT) Sustainable Communities Initiative.
- Congress wants to enact a Jobs Bill early next year and about 9,500 transportation projects have been identified totaling \$69 billion. Senator Barbara Boxer is leading this

effort and would like to use surplus Troubled Asset Relief Program (TARP) funds for the finance portion of this bill.

- Chair Zoe Kersteen-Tucker has been spearheading local lobbying efforts on behalf of Senate Climate Bill 1733. A letter has been sent out requesting local stakeholders to support Senator Boxer's efforts and to keep pressure on increasing, or at least maintaining, transportation investment in the bill.

**Adjourned:** 2:42 p.m.

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

**TO:** Legislative Committee

**THROUGH:** Michael J. Scanlon  
General Manager/CEO

**FROM:** Mark Simon  
Executive Officer, Public Affairs

**SUBJECT: 2010 STATE AND FEDERAL LEGISLATIVE PROGRAM**

**ACTION**

Staff proposes that the Committee recommend Board adoption of the attached legislative program to guide the District's advocacy efforts in Sacramento and Washington, D.C. over the course of the 2010 calendar year.

**SIGNIFICANCE**

The 2010 State and Federal Legislative Program sets forth the principles that will guide the District's State and Federal advocacy efforts through the remainder of the State Legislative session and the 111<sup>th</sup> Congress. The program is intended to be broad enough to cover the wide variety of issues that will likely be considered and flexible enough to allow the District, its staff, and its legislative advocates to respond swiftly and effectively to unanticipated developments. Adoption of the program provides our legislative delegation and our transportation partners with a Board-approved statement of the District's priorities.

The 2010 Legislative Program is divided into a State section and also a Federal one.

Each section of the program consists of a summary of the key policy issues and a series of related goals and advocacy strategies.

The State Legislative Program is organized around five primary issues:

- State Budget and Transportation Funding
- Transportation Program Structure
- Climate Change and Air Quality Regulation
- Peninsula Rail Program
- Projects Delivery

The Federal Legislative Program is organized around eight primary issues:

- Surface Transportation Authorization
- Fiscal Year 2011 Transportation Appropriations
- Climate Change
- High Speed Rail
- Economic Recovery
- Transit Safety and Security
- Lease In Lease Out (LILO)/Sale In Sale Out (SILO) Transactions
- Troubled Asset Relief Program (TARP) Assistance for Local Government

In order to advance these goals, Government Affairs staff will work closely with the Board and the District's State and Federal legislative consultants to implement a comprehensive advocacy approach. This approach will include:

1. Direct, consistent Board advocacy efforts with policymakers and their staff to encourage steps that will advance the District's legislative priorities with an emphasis on funding.
2. Participation in coordinated advocacy efforts in collaboration with the California Transit Association, the American Public Transportation Association and other advocacy organizations
3. Creation of broad-based coalitions of local, regional and statewide stakeholders in support of targeted policy objectives
4. Efforts to educate and build awareness among stakeholders and the public to foster support for legislative goals

### **BUDGET IMPACT**

There is no impact on the budget.

### **BACKGROUND**

Staff actively monitors State and Federal legislative activity and will seek Board positions on selected bills as appropriate to further the District's legislative objectives and to provide support for our advocacy efforts. Staff will supply updated reports summarizing relevant legislative and regulatory activities, allowing the Board to Track legislative developments and providing opportunities to take appropriate action on pending legislation.

Prepared by: Seamus Murphy, Manager, Government Affairs

650-508-6385

# 2010 LEGISLATIVE PROGRAM

## S T A T E

<i>Issue</i>	<i>Goals and Background</i>	<i>Strategy</i>
<b>1. State Budget and Transportation Funding</b>	<p><b>A. Protect and restore traditional sources of transportation funding</b></p> <p>Given the State’s worsening fiscal condition, protecting transportation dollars for their intended purpose will once again be a top priority in 2010. The State continues to divert transportation funding to fulfill General Fund obligations and as the State’s budget shortfall increases, transportation funding is increasingly at risk of being cut. Since 2007, over \$3.4 billion has been diverted from the Public Transportation Account (PTA) and funding for the State Transit Assistance (STA) program has been eliminated until the 2012-13 fiscal year. The success of the California Transit Association’s (CTA) lawsuit against the diversion of spillover revenues presents an opportunity to gain some relief, but several steps are needed to implement its intended result.</p>	<ul style="list-style-type: none"> <li>● Support the full transfer of state gasoline sales tax revenues to the Transportation Investment Fund (TIF)</li> <li>● Oppose the loan, transfer or diversion of the four core funding sources of funding for the PTA which include: Proposition 42, state sales tax on the Proposition 111 gas tax increase, state sales tax on diesel fuel and “spillover” revenue</li> <li>● Support the CTA’s efforts to restore Public Transportation Account (PTA) funding for mass transportation purposes, including the STA program, and seek repayment of past diversions</li> <li>● Advocate for the timely issuance, annual allocation and possible acceleration of funding from transportation bonds including those authorized through approval of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) and the Safe, Reliable High-Speed Passenger Train Bond Act (Proposition 1A)</li> </ul>
	<p><b>B. Secure enhanced funding for public transportation</b></p> <p>California is suffering from an overall underinvestment in transportation infrastructure. The cost of constructing projects continues to increase while the gas tax, the historic foundation of transportation funding, has remained constant and therefore substantially eroded in value and purchasing power. Legislative proposals and policies are needed to ensure that adequate levels of funding are available for operating, maintaining, rehabilitating, and improving California’s transportation infrastructure.</p>	<ul style="list-style-type: none"> <li>● Support legislation that would increase and index the State’s gas tax so that it is adjusted for inflation</li> <li>● Support legislation to impose an additional ¼% increase statewide for purposes of dedicating resources, as defined, pursuant to the Transportation Development Act (TDA)</li> <li>● Support efforts to lower the two-thirds voter approval requirement for ballot measures that provide increased tax revenue for transportation purposes</li> <li>● Support efforts that allow Mello-Roos Community Facilities Districts to finance public transit facilities and public transit services, including, but not limited to, operational expenses and maintenance of public transit equipment</li> </ul>

# 2010 LEGISLATIVE PROGRAM

<p><b>2. Transportation Program Structure</b></p>	<p><b>A. State Transportation Improvement Program (STIP) reform</b></p> <p>SB 45 (Kopp) brought about various changes to the process for programming transportation dollars through the STIP. In general, this legislation simplified the programming process by consolidating nine separate state transportation funding pots into two broad categories, and devolving a significant amount of programming responsibility from the California Transportation Commission (CTC) to regional transportation planning agencies (RTPAs).</p>	<p>Support reforms that:</p> <ul style="list-style-type: none"> <li>• Allow county shares and programming capacity to be calculated based on the STIP Fund Estimate by eliminating the four year county share period</li> <li>• Strengthen language in the existing law that compels the CTC to accept or reject Regional Transportation Improvement Plan’s (RTIP) in their entirety</li> <li>• Establish clear criteria as to when the CTC may reject an RTIP</li> <li>• Allow local agencies to bond against their STIP county shares</li> </ul>
	<p><b>B. Public Transportation Account (PTA) reform</b></p> <p>Revenues in the PTA are derived primarily from four sources: (1) sales tax on diesel fuel; (2) sales tax on 9 cents of the state excise tax on gasoline; (3) Proposition 42; and (4) spillover. On the expenditure side, how PTA revenues are allocated varies by funding source. In addition, these funds have been a primary source of diversion toward General Fund purposes.</p>	<p>Support reforms that:</p> <ul style="list-style-type: none"> <li>• Clarify the definition of public transit to ensure that PTA dollars can only be used for mass transportation purposes and not for other expenditures historically covered by the General Fund</li> <li>• Establish a uniform method for PTA revenue distribution, regardless of funding source</li> <li>• Enact STA eligibility criteria/farebox recovery ratio formula improvements</li> </ul>
<p><b>3. Climate Change and Air Quality Regulation</b></p>	<p><b>Ensure equitable implementation of AB 32 and SB 375</b></p> <p>In 2006 AB 32 (Nunez), the Global Warming Solutions Act, was passed making California the first state in the nation to attempt to cap its greenhouse gas emissions. AB 32 empowers the California Air Resources Board (CARB) to adopt rules and regulations to achieve this. Two years later, SB 375 (Steinberg) was enacted to put in place a framework for cutting vehicle miles traveled as a strategy for reducing greenhouse gas emissions from the transportation sector. Implementation planning for these regulations is ongoing.</p>	<p>Support implementation that:</p> <ul style="list-style-type: none"> <li>• Reinforces the overarching goal to reduce greenhouse gas emissions from the transportation sector by promoting the use of clean transportation alternatives</li> <li>• Provides funding to support the role that public transportation and transit oriented development will play in meeting the State emissions mandates</li> <li>• Provides dedicated funding necessary to enable transportation planning agencies to meet specified emissions reduction targets and to accommodate increased service demand resulting from vehicle miles traveled (VMT) reduction efforts</li> <li>• Addresses and accounts for the potential erosion of a traditional transportation funding base through the reduction of taxable fuel consumption</li> </ul>



# 2010 LEGISLATIVE PROGRAM

<p><b>4. High Speed Rail</b></p>	<p><b>Advance coordinated planning and funding efforts for the Peninsula Rail Program (PRP)</b></p> <p>The PRP was organized through an agreement between the Peninsula Corridor Joint Powers Board (Caltrain) and the California High Speed Rail Authority (CHSRA) to deliver high speed rail between San Jose and San Francisco. Recent voter approval of a statewide \$9 billion bond measure and unprecedented federal commitment in the form of economic recovery funds and annual appropriations offer substantial opportunity for the PRP to benefit.</p>	<ul style="list-style-type: none"> <li>• Advocate that the FY 2010-11 State Budget include full funding for the CHSRA and support the full appropriation of funding included in the FY 2009-10 State Budget</li> <li>• Advocate for legislation that promotes the successful implementation of high speed passenger rail and improved commuter rail service along the Caltrain corridor between San Jose and San Francisco</li> <li>• Advocate for policies that help facilitate PRP public participation and community involvement efforts</li> </ul>
<p><b>5. Project Delivery</b></p>	<p><b>Improve State transportation project delivery, financing, management and oversight policies</b></p> <p>Project delivery continues to be an area of focus. Oftentimes, transportation projects can take a considerable amount of time to complete. Project sponsors must maneuver through a multi-stage development and review process and delays are common. Therefore, it is important to explore different and innovative ways to expedite the delivery of transportation projects in order to control costs and provide the benefits of transportation improvements to the system's users more quickly.</p>	<ul style="list-style-type: none"> <li>• Support legislation that would enhance transportation agencies' ability to benefit from public private partnerships</li> <li>• Support efforts to preserve and enhance innovative contracting alternatives available to transportation agencies</li> <li>• Support policies that streamline and expedite State approval processes, including Caltrans' exception process for improvements along State roadways</li> </ul>

# 2010 LEGISLATIVE PROGRAM

## F E D E R A L

<i>Issue</i>	<i>Goals and Background</i>	<i>Strategy</i>
<b>1. Surface Transportation Authorization</b>	<p><b>A. Timing:</b>  <b>Secure predictable federal transportation funding levels in advance of authorization</b></p> <p>Since the expiration of SAFETEA-LU in 2009, Congress enacted several extensions of the current authorization as they have struggled to address challenges before considering a six-year bill.</p>	<ul style="list-style-type: none"> <li>● Support efforts to gain swift approval of a full, multi-year surface transportation authorization act</li> <li>● If necessary, support extension of the prior authorization in a manner that minimizes funding uncertainty and enhances overall infrastructure investment</li> </ul>
	<p><b>B. Funding:</b>  <b>Ensure that authorized funding will support long term transportation investment needs</b></p> <p>Under SAFETEA-LU, the overall funding level for highways, public transit, highway safety, motor carrier safety, and transportation research during the legislation’s six-year life was \$286.4 billion. While this amount was greater than previous authorizations, it fell far short of the level of federal investment needed to maintain the nation’s existing transportation infrastructure, as well as to expand its capacity in order to keep up with the steadily growing demand for transportation.</p> <p>According to a report issued by the National Surface Transportation Policy and Revenue Study Commission in January 2008: “Any effort to address the future transportation needs of the United States must come to grips with the sobering financial reality of such an undertaking. Estimates indicate that the U.S. needs to invest at least \$225 billion annually for the next 50 years to upgrade our existing transportation network to a good state of repair and to build the more advanced facilities we will require to remain competitive. We are spending less than 40 percent of this amount, and the current fuel-tax-based revenue mechanisms probably cannot be relied upon alone to raise the needed sums.”</p>	<p>Support American Public Transportation Association (APTA) principles including:</p> <ul style="list-style-type: none"> <li>● Authorization that more than doubles federal investment in public transportation, ensures that public transportation receives no less than 20 percent of federal surface transportation funding and provides no less than \$123 billion over the six year authorization period with a goal of doubling ridership in that time</li> <li>● Funding guarantees that promote long range planning, financing and leveraging by ensuring that authorized funding is appropriated each year</li> <li>● Efforts to reinforce the integrity of the Highway Trust Fund (HTF) by:               <ul style="list-style-type: none"> <li>○ Increasing the purchasing power of the federal motor fuels user fee</li> <li>○ Expanding the fee to alternative fuels to support a significant increase in federal public transportation investment</li> <li>○ Restoring interest earning qualities to the HTF</li> <li>○ Promote the establishment of innovative financing models including public private partnerships, tolling and revenues generated through greenhouse gas and vehicle mileage reduction efforts to supplement traditional federal transportation funding sources</li> <li>○ Support dedicating a portion of a potential future nationwide sales or consumption tax to fund the Mass Transportation Account (MTA)</li> </ul> </li> <li>● Incentives to promote increased state and local transportation investment</li> <li>● Provisions that allow for temporary operations funding that is additive to capital investment programs and available provided that certain conditions are met</li> </ul>

# 2010 LEGISLATIVE PROGRAM

	<p><b>C. Programs:</b>  <b>Establish program structure modifications and project delivery enhancements</b></p> <p>For the most part, SAFETEA-LU respected the basic program structure that existed previously. This program structure consists of a core highway program that is primarily formula-based, a core public transit program comprised of both formula and discretionary elements, and flexible funding programs that allow the states and metropolitan planning organizations (MPOs), such as MTC in the Bay Area, to move funds around in a manner that best meets local and regional mobility needs.</p>	<p>Support APTA principles including:</p> <ul style="list-style-type: none"> <li>• Modification of the Bus and Bus Facilities Program to allow 50 percent of funds to be delivered by formula</li> <li>• A new Clean Fuels Aging Bus Replacement program at no less than \$100 million in its first year to fund alternative fuel bus procurements. Eliminate local match requirements for procurements</li> <li>• A simplified, two-tiered Fixed Guideway Modernization Program</li> <li>• A simplified New Starts/Small Starts Program with escalated funding thresholds and a streamlined approval process</li> <li>• Combining the New Freedom Initiative, Elderly and Disabled Program and Jobs Access and Reverse Commute Program to create a new Coordinated Mobility Initiative to address growing and evolving mobility needs</li> <li>• New funding to promote transportation workforce development efforts</li> <li>• Creation of a High Speed and Intercity Passenger Rail title with eligibility for peripheral commuter rail benefits, and funded at no less than \$50 billion</li> <li>• Strengthen public transportation’s role in regional planning efforts</li> </ul> <p>Also support:</p> <ul style="list-style-type: none"> <li>• Exploring the creation of a national infrastructure bank to fund projects of regional and national significance including high speed rail</li> </ul>
	<p><b>D. Sustainability &amp; Livability:</b>  <b>Establish policies that reflect public transportation’s role in greenhouse gas reduction</b></p> <p>States continue to enact transportation and land use planning policies that encourage mixed-use, higher density, walkable development near transit. In addition, federal agencies have announced new partnerships intended to reduce VMT by promoting these goals on a national scale.</p>	<ul style="list-style-type: none"> <li>• Advocate for the inclusion of funding that supports a Sustainable Communities Initiative partnership between the U.S. Department of Transportation, the U.S. Department of Housing and Urban Development and the U.S. Environmental Protection Agency to support coordinated integration of housing, transportation and land use planning and investment</li> <li>• Support the permanent extension of the 50-cent per gallon alternative fuel tax credit</li> </ul>
<p><b>2. FY 2011 Transportation Appropriations</b></p>	<p><b>Secure full appropriation for public transportation programs at authorized levels and maximize discretionary funding opportunities</b></p> <p>Every year, Congress adopts at least 12 separate appropriations bills, including one for transportation. These measures provide the authority for federal agencies to spend money during the upcoming fiscal year for the programs they administer. In the case of surface transportation, the annual appropriations process is guided by funding and programs authorized in SAFETEA-LU until successor legislation is enacted.</p>	<ul style="list-style-type: none"> <li>• Support a minimum appropriations level for federal surface transportation programs equal to the guaranteed spending levels authorized in SAFETEA-LU or its successor</li> <li>• Advocate for the highest possible levels of funding for individual programs within the highway and transit titles of SAFETEA-LU or its successor</li> <li>• Work with Congressional delegation to seek discretionary funding as appropriate</li> </ul>

# 2010 LEGISLATIVE PROGRAM

<p><b>3. Climate Change</b></p>	<p><b>Ensure that federal climate change legislation provides funding to expand clean transportation programs and services</b></p> <p>Congress continues to work to pass legislation that would address climate change by reducing greenhouse gas emissions. Early indications are that this legislation will include a cap and trade system where emissions allowances would be traded in a market based system. A portion of the revenues generated through the sale of these allowances could be used to fund clean transportation projects. The transportation sector produces approximately one-third of the greenhouse gas emissions in this country, primarily in the form of carbon dioxide (CO<sub>2</sub>) emissions generated by automobiles.</p>	<ul style="list-style-type: none"> <li>• Advocate that climate change legislation includes a funding strategy that reflects the opportunity for greenhouse gas reduction through new investment in clean transportation alternatives</li> <li>• Support dedicated formula funding that promotes energy efficiency in transit operations</li> <li>• Support funding for planning and capital investment related to the promotion of transit oriented development opportunities and sustainable land use strategies that result in VMT reduction</li> <li>• Advocate that transportation planning and infrastructure receive its fair share of revenue from a cap-and-trade system, while also emphasizing that such revenue must be supplemental to, and not a substitute for, a robust federal surface transportation program</li> </ul>
<p><b>4. High Speed Rail</b></p>	<p><b>Maximize federal investment in California’s High Speed Train Project with a focus on funding for the PRP</b></p> <p>With \$ 8 billion in funding for high speed passenger rail approved as a part of the American Recovery and Reinvestment Act of 2009 (ARRA) and additional funding likely to be approved in annual appropriations and the next surface transportation reauthorization act, California’s high speed rail project and the PRP have an opportunity to benefit.</p>	<ul style="list-style-type: none"> <li>• Work with the California High Speed Rail Authority (CHSRA) to support the State’s application for a portion of \$8 billion included in the American Recovery and Reinvestment Act of 2009 (ARRA).</li> <li>• Advocate for CHSRA efforts to secure additional funding provided through annual appropriations including \$2.5 billion appropriated in FY 2010</li> <li>• Advocate for the inclusion of at least \$50 billion for High Speed and Intercity Passenger Rail in the next surface transportation authorization act along with continued annual appropriations.</li> </ul>
<p><b>5. Economic Recovery</b></p>	<p><b>Ensure that significant transportation infrastructure investment is included in any additional economic recovery or jobs creation legislation</b></p> <p>With high nationwide unemployment levels, Congress is likely to consider new economic stimulus measures designed to create jobs.</p>	<ul style="list-style-type: none"> <li>• Advocate for the use of Troubled Asset Relief Program (TARP) funds to provide supplemental infrastructure investment in transportation capital programs</li> <li>• Work with APTA and the American Association of State Highway and Transportation Officials (AASHTO) in their efforts to support infrastructure investment by identifying potential jobs creating transportation projects</li> <li>• Demonstrate the jobs creation opportunities presented by transportation investment generally</li> </ul>
<p><b>6. Transit Safety and Security</b></p>	<p><b>A. Monitor new proposed federal transit safety proposals</b></p> <p>The U.S. Department of Transportation recently announced a new safety program intended to provide more uniform regulation of light rail systems, but with potential to expand the program to cover bus transit operators as well.</p>	<ul style="list-style-type: none"> <li>• Monitor newly proposed Federal Transit Administration (FTA) safety regulations including the Public Transportation Safety Program Act of 2009</li> <li>• Gauge potential impacts on agency operations and priorities and respond accordingly</li> </ul>

# 2010 LEGISLATIVE PROGRAM

	<p><b>B. Secure full appropriation of authorized transit security grants and maximize discretionary funding opportunities</b></p> <p>Security is a top priority for public transit agencies across the United States. Since the terrorist attacks of September 11, 2001, public transit agencies have spent more than \$2 billion on security and emergency preparedness programs from their own budgets. Although state and local governments, as well as public transit agencies, are doing what they can to improve security, it is important for the federal government to be a full partner in efforts to ensure the security of the nation's public transit users.</p>	<ul style="list-style-type: none"> <li>• Promote appropriation of transit security grants in the FY 2011 U.S. Department of Homeland Security Appropriations Bill at authorized levels, separate from existing federal transit programs</li> <li>• Federal public transit security and safety funding should be provided at a 100 percent federal share with no match requirement</li> <li>• Work with Congressional delegation to seek discretionary funds as appropriate</li> <li>• Encourage consideration of transferring administration of transit security grant programs to the U.S. Department of Transportation</li> <li>• Allow agencies to be direct recipients of grant funding to encourage timely award and receipt of funds.</li> </ul>
<p><b>7. LILO-SILO Transactions</b></p>	<p><b>Secure passage of legislation to minimize risk to affected public agencies</b></p> <p>Due to the recent financial crisis, several large financial firms experienced an unanticipated downgrade of credit ratings. Some of these firms served as guarantors of LILO and SILO transactions now in technical default due to the reduced ratings. Many of these transactions were encouraged and recommended by the FTA, and with dozens of transit agencies involved, legislative action is needed to resolve the situation without leaving transit agencies at risk.</p>	<p>Work with a coalition of affected transit agencies to promote legislation that would impose a 100 percent excise tax on penalties collected through transactions in technical default</p>
<p><b>8. TARP Assistance for Local Government</b></p>	<p><b>Seek TARP funding for reimbursement of local government losses resulting from the collapse of financial institutions</b></p> <p>Many transit agencies suffered huge investment losses during the 2008 financial collapse. While TARP funds were authorized to minimize these losses, no funds have been used for this purpose.</p>	<p>Promote legislation that would compel Treasury to reimburse local governments for losses as authorized in TARP</p>

**SAN MATEO COUNTY TRANSIT DISTRICT  
STAFF REPORT**

TO: San Mateo County Transit District

THROUGH: Michael J. Scanlon  
General Manager/CEO

FROM: Mark Simon  
Executive Officer, Public Affairs

SUBJECT: **STATE AND FEDERAL LEGISLATIVE UPDATE**

**ACTION**

This report is for information only. No Board action is required.

**SIGNIFICANCE**

Staff will provide regular updates to the Board consistent with the approved Legislative Program.

**STATE ISSUES**

**Local Taxpayer, Public Safety and Transportation Protection Act of 2010**

In December, the California Attorney General's office released the Title and Summary for the initiative sponsored by the California Transit Association (CTA), the California League of Cities and the California Alliance for Jobs. The Title and Summary, which will describe the ballot measure in petitions during signature-gathering and in voter education materials, reads:

**PROHIBITS THE STATE FROM TAKING FUNDS USED FOR  
TRANSPORTATION OR LOCAL GOVERNMENT PROJECTS AND  
SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.**

Prohibits the State from shifting, taking, borrowing, or restricting the use of tax revenues dedicated by law to fund local government services, community redevelopment projects, or transportation projects and services. Prohibits the State from delaying the distribution of tax revenues for these purposes even when the Governor deems it necessary due to a severe State fiscal hardship.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Significant constraints on State authority over city, county, special district, and redevelopment agency funds. As a result, higher and more stable local resources, potentially affecting

billions of dollars in some years. Commensurate reductions in State resources, resulting in major decreases in state spending and/or increases in State revenues.

Receipt of the Title and Summary allows the initiative's sponsors to begin signature gathering efforts. Over 700,000 valid signatures will need to be submitted prior to April 23, 2010 in order for the initiative to qualify for the November 2010 ballot. It is expected that transit agency governing boards will receive requests from the campaign to endorse the measure shortly.

#### California Transit Association Lawsuit

On December 9, the Superior Court of California issued its "Judgment After Remittitur" in the CTA's lawsuit, *Shaw v. Chiang*, over transit funding diverted as part of the 2007-08 state budget agreement. The document follows the Supreme Court's recent rejection of the state's petition to appeal the appellate court ruling that the diversions were illegal. While it declares that the state must make arrangements to restore the \$1.19 billion of spillover funding that was raided in the 07-08 budget, the judgment merely serves as a legal guide for ultimate resolution of the case. In practical terms, the final settlement is still subject to negotiations between the CTA and State officials. In conjunction with its legal team, the CTA has been working to draft the parameters of a proposed settlement. The judgment continues the trend of legal rulings in favor of public transportation, but the final outcome is yet to be determined.

In the interim, the Administration has set aside \$1.9 billion in funding for the Public Transportation Account, but officials also have indicated they will continue to look for opportunities to utilize these revenues to address general fund obligations where feasible and permissible. The CTA's objective is to restore and provide predictable and reliable funding, with an emphasis on acquiring revenue for operations following the State's elimination of the State Transit Assistance program through at least FY 2012-13.

#### High-Speed Rail

On December 14, the California High Speed Rail Authority (CHSRA) released a revised business plan in accordance with the State's 2009 Budget Act. The plan outlines new federal funding opportunities and provides revised project cost and revenue projections. Unlike the previous plan, the project cost is expressed based on year-of-expenditure estimates totaling \$42.6 billion. In addition, the business plan provides a revenue projection based on a scenario that assumes a ticket price that is 83 percent of the average airline ticket rather than the 50 percent assumption used in the previous plan. Under this scenario, the project would generate \$950 million in revenue in the first year of service and \$2.87 billion per year by 2035.

The Senate Transportation and Housing Committee will review the business plan in a joint meeting with the Budget Subcommittee No. 2 on Resources Environmental Protection, Energy and Transportation on January 14 and in a subsequent meeting in Palo Alto on January 21. The Assembly Transportation Committee is scheduled to review the plan on January 11.

## **FEDERAL ISSUES**

### Jobs for Main Street Act of 2010 – (H.R. 2847)

Prior to adjourning for the holiday recess, the House approved the Jobs for Main Street Act of 2010. The legislation authorizes and appropriates \$75 billion intended to provide a second economic stimulus and help to reverse growing unemployment trends. The legislation is funded through revenues related to the Troubled Asset Relief Program (TARP) and contains \$37.3 billion in funding for U.S. Department of Transportation programs including:

- \$8.4 billion for Federal Transit Administration (FTA) programs
- \$27.5 billion in Federal Highway Administration (FHWA) programs

The legislation includes several other notable provisions:

- Enables recipients to use 10 percent of their formula apportionment in H.R. 2847 for operating costs
- Extends SAFETEA-LU through the end of FY 2010
- Allows for 100 percent federal funding for projects funded during FY 2010
- Restores interest-earning qualities to the Highway Trust Fund (HTF) and transfers \$19.5 billion from the General Fund of the Treasury to the HTF, with \$14.7 billion to the Highway Account and \$4.8 billion to the Mass Transit Account (MTA) to restore revenues from prior year interest

Senate leaders have indicated that they will consider jobs legislation when the Senate returns from the holiday recess period in January 2010.

### Transportation Housing and Urban Development (THUD) Appropriations – (H.R. 3288)

On December 13, Congress approved the final FY 2010 THUD appropriations bill as a part of a \$1.07 trillion omnibus appropriations package using the THUD bill as the legislative vehicle. The bill, which was signed by the President shortly after its passage, includes a record \$10.7 billion in funding for transit programs. The bill also includes:

- \$1.25 million for Caltrain's Positive Train Control (PTC) project
- \$50 million in rail safety grants for nationwide PTC projects
- \$2.5 billion for High Speed and Intercity Passenger Rail

### Surface Transportation Authorization Act (STAA) – (H.R. XXXX)

On December 19 Congress approved, and the President signed, another extension of SAFETEA-LU funding levels as a part of the FY 2010 Defense Appropriations Bill (H.R. 3326). The extension ensures that Federal transportation funding programs will continue through February 28, 2010. In addition, the House approved a separate, one-year extension of SAFETEA-LU as a part the Jobs for Main Street Act. Staff will continue to work with our Federal advocates and the American Public Transportation Association as Congress crafts a long-term strategy for new surface transportation authorization.

Prepared By: Seamus Murphy, Manager, Government Affairs

650.508.6388





OMAR AHMAD  
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KARYL MATSUMOTO  
ADRIENNE TISSIER

MICHAEL J. SCANLON  
GENERAL MANAGER/CEO

## A G E N D A

### BOARD OF DIRECTORS

San Mateo County Transit District Administrative Building  
Bacciocco Auditorium - Second Floor  
1250 San Carlos Ave., San Carlos, CA

WEDNESDAY, JANUARY 13, 2010 – 3:00 p.m.  
or immediately following Committee meetings

1. **CALL TO ORDER/ROLL CALL**
2. **REPORT OF THE NOMINATING COMMITTEE – ELECTION OF OFFICERS FOR 2010**
3. **CONSENT CALENDAR MOTION**
  - a. Approval of Minutes of Board of Directors Meeting of December 9, 2009
  - b. Acceptance of Statement of Revenues and Expenses for November 2009
4. **PUBLIC COMMENT**

Public comment by each individual speaker shall be limited to one minute
5. **REPORT OF THE CHAIR**
  - a. Resolution of Appreciation to Outgoing Chair, Zoe Kersteen-Tucker
  - b. Resolution of Appreciation to Outgoing Board Member, Jim Hartnett
6. **REPORT OF THE GENERAL MANAGER/CEO**
7. **COMMUNITY RELATIONS COMMITTEE**

*(Accessibility, Senior Services, and Community Issues)*  
SUBJECTS DISCUSSED

  - a. Accessibility Update
  - b. Paratransit Coordinating Council (PCC) Update
  - c. Citizens Advisory Committee Liaison Report
  - d. Performance Report – Caltrain
  - e. Multimodal Ridership Report – November 2009

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

**8. FINANCE COMMITTEE**

ORDINANCE

- a. Approval of Salary Ordinance No. 92

RESOLUTIONS

- b. Authorize Entering into a Funding Agreement with the Metropolitan Transportation Commission (MTC) for New Freedom Funds in the Amount of \$200,000 for the Peninsula Rides Implementation and Development Activities Project
- c. Authorize Amending and Decreasing the Fiscal Year 2010 Operating Budget by \$2,251,452 from \$136,525,075 to \$134,273,623
- d. Authorize Approval of Updates to the District Procurement Policy to Incorporate Provisions of Assembly Bill 116
- e. Authorize Award of Contract to Analysts, Inc. to Provide a Lubricating Oil and Diesel Fuel Analysis Program for a Total Estimated Cost of \$99,560
- f. Authorize Award of Contract to Clean Harbors Environmental Services, Inc. for Industrial Waste Disposal and Industrial Waste Emergency Response Services for a Total Amount of \$430,110

INFORMATIONAL

- g. Fiscal Year 2009 Comprehensive Annual Financial Report

**9. LEGISLATIVE COMMITTEE**

MOTION

- a. Approval of 2010 State and Federal Legislative Program

SUBJECTS DISCUSSED

- b. State and Federal Legislative Update

**10. WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS**

**11. BOARD MEMBER REQUESTS/COMMENTS**

**12. DATE, TIME AND PLACE OF NEXT MEETING** – February 10, 2010 at 2 p.m., San Mateo County Transit District, Administrative Building, Bacciocco Auditorium, 2<sup>nd</sup> Floor, 1250 Carlos Ave., San Carlos 94070

**13. GENERAL COUNSEL PROPOSAL**

- a. Closed Session: Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6, Teamsters Union, Local 856 (Bus Transportation Supervisors, Dispatchers and Radio Controllers)
- b. Closed Session: Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6, Amalgamated Transit Union, Local 1574 (Customer Service Center Employees)

**14. ADJOURNMENT**

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

## **INFORMATION TO THE PUBLIC**

If you have questions on the agenda, please contact the District Secretary at 650-508-6242. Agendas are available on the SamTrans Website at [www.samtrans.com](http://www.samtrans.com).

The San Mateo County Transit District Board and Citizens Advisory Committee (CAC) meeting schedules are available on the Web site.

### **Date and Time of Board and Advisory Committee Meetings**

San Mateo County Transit District Committees and Board: Second Wednesday of the month, 2 p.m.; SamTrans Citizens Advisory Committee: First Wednesday of the month, 6:30 p.m. Date, time and location of meetings may be change as necessary.

### **Location of Meeting**

The San Mateo County Transit District Administrative Building is located at 1250 San Carlos Avenue, San Carlos, one block west of the San Carlos Caltrain Station on El Camino Real and accessible by SamTrans bus Routes 260, 295, 390, 391, KX. [Map link](#) Additional transit information can be obtained by calling 1-800-660-4287 or 511.

### **Public Comment**

- If you wish to address the Board, please fill out a speaker's card located on the agenda table. If you have anything that you wish distributed to the Board and included for the official record, please hand it to the District Secretary, who will distribute the information to the Board members and staff.
- Members of the public may address the Board on non-agendized items under the Public Comment item on the agenda. Public testimony by each individual speaker shall be limited to one minute and items raised that require a response will be deferred for staff reply.

### **Accessibility for Individuals with Disabilities**

Upon request, the Transit District will provide for written 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 brief description of the requested materials and a preferred alternative format or auxiliary aid or service at least two days before the meeting. Requests should be mailed to the District Secretary at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or emailed to [board@samtrans.com](mailto:board@samtrans.com); or by phone at 650-508-6242, or TTY 650-508-6448.

### **Availability of Public Records**

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

**SAN MATEO COUNTY TRANSIT DISTRICT  
1250 SAN CARLOS AVENUE, SAN CARLOS, CALIFORNIA**

**MINUTES OF BOARD OF DIRECTORS MEETING  
DECEMBER 9, 2009**

Members Present: M. Church, J. Deal, R. Guilbault, S. Harris, Z. Kersteen-Tucker (Chair), A. Lloyd, K. Matsumoto, A. Tissier

Staff Present: M. Colondres, G. Harrington, C. Harvey, R. Haskin, M. Lee, M. Martinez, N. McKenna, D. Miller, C. Patton, M. Scanlon, M. Simon

Chair Zoe Kersteen-Tucker called the meeting to order at 2:56 p.m.

**CONSENT CALENDAR**

The Board unanimously approved the consent calendar (Lloyd/Guilbault).

- a. Approval of Minutes of Board of Directors Meeting of November 12, 2009
- b. Acceptance of Statement of Revenues and Expenses for October 2009

**PUBLIC COMMENT**

None.

**REPORT OF CHAIR**

Appointment of Nominating Committee for 2010 Chair and Vice-Chair

Chair Kersteen-Tucker appointed Directors Jerry Deal, Shirley Harris and Adrienne Tissier to the nominating committee.

Chair Kersteen-Tucker said she participated in an American Public Transportation Association (APTA) Webinar today and the speaker was Federal Transit Administration's (FTA) Administrator Peter Rogoff.

**REPORT OF THE GENERAL MANAGER/CEO**

General Manager/CEO Michael Scanlon reported:

- Recognized Bus Operator Rafael Ramirez for with a 20-year safe driver award.
- Staff is working on the final details of the December 20 service reduction implementation.
- Commended Director of Bus Transportation Chester Patton and Manager Transit Operations Jeff Johnson for providing Supervisor Academy training to bus operators who are losing their jobs as a result of the service reductions.
- Capital money is still available to continue the procurement of new buses.
- Commended Chair Kersteen-Tucker for her work to acquire four new buses for the Coastside.
- Last Thursday staff said goodbye to Jim Hartnett on the Joint Powers Board and Rosalie O'Mahony on the Transportation Authority Board.

- Thanked Director Tissier for her work at the Metropolitan Transportation Commission (MTC). She is working with Sue Lempert to pursue reimbursement of the San Mateo County Transit District money advanced on behalf of the Caltrain partners for the purchase of the right-of-way.

**COMMUNITY RELATIONS COMMITTEE**

(Accessibility, Senior Services, and Community Issues)

**SUBJECTS DISCUSSED**

- a. Accessibility Update
- b. Paratransit Coordinating Council (PCC) Update
- c. Citizens Advisory Committee Liaison Report
- d. Performance Report – ADA Paratransit Service
- e. Multimodal Ridership Report – October 2009

**FINANCE COMMITTEE**

**RESOLUTIONS**

- a. Authorize Entering into Memoranda of Understanding (MOU), File Applications and Pass Through Funds to Lifeline Transportation Project Sponsors in San Mateo County in the Amount of \$1,089,614
- b. Authorize Rejection of Low Monetary Bid as Non-Responsive and Award a Contract to Kerby Construction, Inc. for Brewster Depot Improvements Project in the Amount of \$159,852
- c. Authorize Award of Contract to Atlas/Pellizzari Electrical, Inc. for North Base Emergency Generator Upgrade in the Amount of \$508,000
- d. Authorize Award of Contract to New Flyer Industries, LLC to Furnish Brake Parts and Related Items for a total Estimated Cost of \$135,112
- e. Authorize Award of Contract to Maze & Associates Accountancy Corporation to Provide Financial Audit Services in the Amount of \$185,700

The motion (Lloyd/Tissier) to approve the resolutions was approved unanimously by roll call.

**MOTION**

- f. Authorize Rejection of all Proposals for Providing Environmental Planning

The motion (Lloyd/Tissier) to reject all proposals was approved unanimously.

**LEGISLATIVE COMMITTEE**

**SUBJECTS DISCUSSED**

- a. State and Federal Legislative Update

**PLANNING, DEVELOPMENT AND SUSTAINABILITY COMMITTEE  
RESOLUTIONS**

- a. Authorize Adoption of Fiscal Year 2009-2018 Short-Range Transit Plan
- b. Authorize General Manager/CEO to Execute a Cooperative Agreement with the Peninsula Corridor Joint Powers Board to Provide Right-of-Way Certification and Related Services in Connection with the San Bruno Grade Separation Project

The motion (Tissier/Harris) to approve the resolutions was approved unanimously by roll call.

Public Comment

Ed DeLanoy, San Carlos, would like to remind the Board of his previous remarks about the Chicago Climate Exchange. He was pleased to read in today's *Financial Times* that Deutsche Banks and others have disclosed contracts with Mexico as a hedge against lower prices for its entire 2010 output.

**WRITTEN COMMUNICATIONS**

In reading file.

**BOARD MEMBER COMMENTS**

Director Art Lloyd provided additional information on how Caltrain became the commuter rail operator on the Peninsula.

Director Karyl Matsumoto gave kudos to staff on the marketing piece on taking the bus to local libraries.

**DATE AND TIME OF NEXT MEETING** – January 13, 2010, at 2 p.m., San Mateo County Transit District, Administrative Building, 1250 San Carlos Avenue, San Carlos, CA 94070.

**GENERAL COUNSEL PROPOSAL**

- a. Closed Session: Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6, Teamsters Union, Local 856 (Bus Transportation Supervisors, Dispatchers and Radio Controllers)
- b. Closed Session: Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6, Amalgamated Transit Union, Local 1574 (Customer Service Center Employees)

Mr. Miller said the Board will convene in a closed session to discuss pending labor negotiations as listed on the agenda.

Adjourned to closed session at: 3:20 p.m.

Reconvened to open session at: 3:38 p.m.

Mr. Miller said the Board met in closed session as permitted by the Brown Act to hear a report from the General Manager and bargaining team who are engaged in collective bargaining negotiations with two union-represented units. There is no action to be taken at this time.

Mr. Miller will continue to keep the Board apprised of developments. The District remains committed to bargaining in good faith and looks forward to future meetings in the coming weeks and will report back to the Board in January.

**Adjourned:** 3:59 p.m.