



**BOARD BUDGET AND FINANCE COMMITTEE MEETING
WEDNESDAY, SEPTEMBER 4, 2013, 2:00 P.M.
RIVERSIDE TRANSIT AGENCY BOARD ROOM
1825 THIRD STREET
RIVERSIDE, CA 92507**

<u>ITEM</u>	<u>RECOMMENDATION</u>
1. <u>CALL TO ORDER</u>	
2. <u>SELF-INTRODUCTIONS</u>	
3. <u>PUBLIC COMMENTS – NON-AGENDA ITEMS</u> Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time that the Board considers that matter. Each person's presentation is limited to a maximum of three (3) minutes.	RECEIVE COMMENTS
4. <u>APPROVAL OF MINUTES – JULY 10, 2013 COMMITTEE MEETING (P.3)</u>	APPROVE
5. <u>QUARTERLY CAPITAL STATUS (P.6)</u>	RECEIVE AND FILE
6. <u>QUARTERLY INVESTMENT REPORT (P.7)</u>	RECEIVE AND FILE
7. <u>CASH FLOW PROJECTIONS (P.9)</u>	RECEIVE AND FILE
8. <u>ANNUAL REPORT FOR PUBLIC AGENCIES SELF-INSURED FOR WORKERS' COMPENSATION BENEFITS (P.11)</u>	APPROVE
9. <u>AUTHORIZATION TO DEVELOP A SERVICE REDUCTION PLAN, WITH A PROPOSED EFFECTIVE DATE OF JULY 1, 2014, DUE TO THE CONTINUED HOLD OF FEDERAL GRANT FUNDING (P.14)</u>	APPROVE

Any person with a disability who requires a modification or accommodation in order to participate in this meeting or any person with limited English proficiency (LEP) who requires language assistance to communicate with the RTA Board during the meeting should contact the RTA Clerk of the Board, telephone number (951) 565-5044, no fewer than two business days prior to this meeting to enable RTA to make reasonable arrangements to assure accessibility or language assistance for this meeting.

Agenda related writings or documents provided to the Board of Directors are available for public inspection in the office of the Clerk of the Board and at the reception desk while the meeting is in session.

ITEM

RECOMMENDATION

10. **BOARD MEMBER COMMENTS AND REMARKS**
11. **OTHER BUSINESS**
12. **NEXT MEETING**
Board Budget and Finance Committee Meeting
Wednesday, October 2, 2013
2:00 p.m.
RTA Headquarters
1825 Third Street
Riverside, CA 92507
13. **ADJOURN**

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING

Minutes
July 10, 2013

1. CALL TO ORDER

Committee Chair Edgerton called the Board Budget and Finance Committee meeting to order at 2:03 p.m., on July 10, in the RTA Board Room.

2. SELF-INTRODUCTIONS

Self-introductions of those in attendance took place.

Board Committee Members Present

1. Chairman of the Board, Marion Ashley, County of Riverside, District V
2. Committee Chair, Wallace Edgerton, City of Menifee, Deputy Mayor
3. Director Randy Bonner, City of Canyon Lake, Mayor Pro Tem
4. Director Linda Krupa, City of Hemet, Councilmember
5. Director Frank Johnston, City of Jurupa Valley, Mayor Pro Tem
6. Director Alan Long, City of Murrieta, Councilmember
7. Director Andrew Kotyuk, City of San Jacinto, Councilmember
8. Director Andy Melendrez, City of Riverside, Councilmember
9. Alternate Andrea Puga, County of Riverside, District II
10. Alternate Ron Roberts, County of Riverside, District III

RTA Staff

1. Larry Rubio, Chief Executive Officer
2. Natalie Gomez, Clerk of the Board
3. Tom Franklin, Chief Operating Officer
4. Craig Fajnor, Chief Financial Officer
5. Vince Rouzaud, Chief Procurement and Logistics Officer
6. Jim Kneepkens, Director of Marketing
7. Natalie Zaragoza, Contracts Manager
8. Laura Camacho, Director of Human Resources
9. Lorelle Moe-Luna, Senior Planner
10. Brad Weaver, Marketing Manager
11. Virginia Werly, Director of Contract Operations

Other Attendees

1. Jerry Puga, Corona Resident
2. Belinda Johnson, Majic Consulting

3. PUBLIC COMMENTS - NON-AGENDA ITEMS

None.

4. APPROVAL OF MINUTES – JUNE 5, 2013 COMMITTEE MEETING

M/S/C (JOHNSTON/BONNER) approving the June 5, 2013 Committee meeting minutes.

The motion carried unanimously.

5. CASH FLOW PROJECTIONS

Mr. Fajnor presented the cash flow projections.

M/S/C (JOHNSTON/ROBERTS) approving the receipt and file of item 5.

The motion carried unanimously.

6. REQUEST TO OPEN A PUBLIC HEARING TO CONSIDER A COLLEGE 30-DAY PASS

Mr. Kneepkens and Ms. Johnson, with Majic Consulting, gave a presentation to consider offering a discounted College 30-Day Pass to Moreno Valley College and Norco College students. The committee discussed this item at length.

M/S/C (KOTYUK/BONNER) approving and recommending this item to the full Board of Directors for their consideration:

- Open a public hearing to consider sale of a \$35 30-Day College Pass to Moreno Valley College and Norco College students with additional information to be provided at the presentation to the Board as follows:
 - Analysis of administrative costs of the program
 - Potential solutions for fraud issues
 - Consider creating this as a nine month pilot program
 - Create clear performance metrics to measure program's success
 - Determine effects the College 30-Day Pass would have on the Agency's Go-Pass and U-Pass partners

The motion carried unanimously.

7. AUTHORIZATION TO AWARD AGREEMENT NO. 13-020 TO GENERAL SECURITY SERVICE INC. FOR UNIFORMED SECURITY GUARD SERVICES

M/S/C (PUGA/LONG) approving and recommending this item to the full Board of Directors for their consideration as follows:

- Authorize staff to award Agreement No. 13-020 to General Security Service, Inc., for uniformed security services for a three-year base period with two, one-year options in an amount that will not exceed \$2,271,755.82. Staff is also requesting a 5% contingency amount of \$113,587.79 over the five (5) year contract term to address Transportation Security Administration directives that may arise. If approved, the total five-year not-to-exceed contract amount will be \$2,385,343.61.

The motion carried with nine affirmative votes and one abstention (MELENDREZ).

8. BOARD MEMBER COMMENTS AND REMARKS

Committee Chair Edgerton announced that in the City of Menifee a young boy was reported missing. He inquired if Supervisor Ashley would like to provide an update on the case. Chairman of the Board Ashley stated there would be a news conference on July 10 at 2 pm to announce that the boy's body had been found and a relative was suspected. More than 1,000 people in the community helped search for the lost boy. Committee Chair Edgerton acknowledged the tremendous outpouring of support from neighboring communities.

Chairman of the Board Ashley announced that the lawsuit on the Perris Valley Line Metrolink was settled favorably on July 9 and the project will move forward. This is great news for Riverside County residents to be more mobile and prosperous and will help take cars off the road.

Director Krupa announced that Hemet lost two young men in the Yarnell, Arizona fire. One of Hemet's fire department engines is transporting Billy Warnecke's body to Arizona to be buried. Another engine is en route to bring Chris Mackenzie back to Hemet. Mr. Mackenzie's service will be held on July 13 at 6 pm at the Ramona Bowl.

Chairman of the Board Ashley commented that a firefighter who had stopped to offer assistance at a traffic accident was hit by a truck and killed in Palm Desert.

Director Long stated that as a former Hotshot and with his background in fire service he wanted the committee members to be aware that recent fire conditions and vegetation are already very bad this early in the fire season.

9. OTHER BUSINESS

Mr. Rubio announced that no committee meetings would be held in the month of August.

10. NEXT MEETING

Board Budget and Finance Committee Meeting
Wednesday, September 4, 2013
2:00 p.m.
RTA Headquarters
1825 Third Street
Riverside, CA 92507

11. ADJOURN

The meeting adjourned at 3:10 p.m.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

September 4, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Quarterly Capital Status

Summary: The Agency has, at any one time, a multitude of capital projects in progress or pending as circumstances and funding dictate. These capital projects are funded through a variety of funding sources including, but not limited to, Federal, State, and Local grants. Capital items funded with these grants include, but are not limited to, Revenue and Non-Revenue Vehicles, Transit Centers, Facility Improvements, and Information Systems.

Depending on the nature of the project, it can take multiple years to accumulate the required funding to complete the project. It can also take multiple years to complete the project once it has commenced. Examples of such a scenario are the heavy-duty CNG bus replacement and the various transit centers.

The Agency will always have capital needs due to replacement of retired assets, acquisition and/or maintenance of Agency infrastructure, and unique needs such as transit centers to serve the transportation needs of our customers. As such, the Agency should always have a backlog of open projects that preserve the future of the Agency.

A presentation will be given at the committee meeting which provides an update on the Agency's capital projects, focusing on the activities from June through August 2013. The Agency is required to provide quarterly reporting to the Federal Transportation Administration (FTA) and the Riverside County Transportation Commission (RCTC) one month after the end of each quarter. This reporting was submitted.

Recommendation:

Receive and file.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

September 4, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Quarterly Investment Report

Summary: The Agency has two (2) investment vehicles for its cash balance above and beyond immediate need. The first is the Local Agency Investment Fund (LAIF) which is managed by the Treasurer of the State of California. While the balance earns interest on a daily basis, investment results are only published on a quarterly basis – fifteen (15) days after the end of each calendar quarter. The second is the Riverside County Treasurer’s Pooled Investment Fund (County Pool) which is managed by the Treasurer of the County of Riverside. While the balance earns interest on a daily basis, investment results are provided on a quarterly basis as well. However, different from LAIF, County Pool results are provided as follows: approximately 30% five (5) days after the end of the quarter and the remaining 70% forty-five (45) days after the end of the quarter.

In addition, the Agency currently maintains a restricted cash reserve of at least \$1,892,000 which represents the reserve requirement of 10% at the time of closing of the Certificate of Participation (COP) transaction. This COP was utilized to purchase 57 40’ buses for revenue service. This reserve is held in the California Asset Management Pool (CAMP) as it is an approved investment of the COP agreement.

The attached report presents investment performance for the 4th quarter of FY13 (as of June 30, 2013).

Recommendation:

Receive and file.

**RIVERSIDE TRANSIT AGENCY
Investment Report
For the Quarter Ended June 30, 2013**

Investment Type	Institution	Amount of Investment at 6/30/13	Current Market Value at 6/30/13	Quarter to Date Average Rate of Interest Earned	Effective Interest Rate for the Quarter	Quarter to Date Interest Earned
Local Agency Investment Fund (LAIF)	State of California	\$3,750,000.00	\$3,753,819.75	0.25%	0.24%	\$4,400.57
Riverside County Treasurer Pooled Investment Fund	County of Riverside	\$38,519,343.00	\$38,519,343.00	0.29%	0.29%	\$29,064.24
California Transit Fixed Rate RTA COP 2003A Reserve Fund	California Asset Management Program-CAMP	\$1,914,123.80	\$1,914,123.80	0.11%	0.11%	\$525.49

Note: Sufficient funds are available to meet the next 30 days' operating and 90 days' capital obligations. Additionally, the above portfolio conforms with the Agency's Investment Policy.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

September 4, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Cash Flow Projections

Summary: The Agency develops cash flow projections for the entire fiscal year representing weekly increments. Due to the size of the report, it is difficult to portray the entire fiscal year.

The attached report represents actual cash performance through late-August 2013 with projections through October 2013. This reporting period covers the first four months of FY14.

There are no cash flow issues anticipated during this reporting period. However, with no impending resolution to the Federal 13(c) - State Public Employees' Pension Reform Act (PEPRA) issue, staff anticipates tight cash flow in the first two-thirds of FY14. Staff will continue to monitor and manage the 13(c)/PEPRA situation, while working proactively with Riverside County Transportation Commission staff to ensure positive cash flow throughout FY14.

Recommendation:

Receive and file.

**Riverside Transit Agency
FY14 Cash Flow Projection**

	Actual											
1	General Account	8/23/2013	8/30/2013	9/6/2013	9/13/2013	9/20/2013	9/27/2013	10/4/2013	10/11/2013	10/18/2013	10/25/2013	11/1/2013
2	Est. Cash, Beg Balance (Book)	(64,005)	4,148,287	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
3	Receipts:											
4	LTF Operating - recurring	3,627,777					3,627,778				3,627,778	
5	LTF GASB 43/45	150,000					150,000				150,000	
6	FET Credit						85,053				86,113	
7	CalPERS CERBT Disbursement				169,736							
8	Farebox	240,131	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	135,000
9	Total Other Farebox	58,985	16,416	21,407	763	13,299	389,839		32,321	2,675	298,047	3,272
10	Total Other Local	151,149	1,000	1,000	1,000	1,000	1,000	68,386	1,000	4,750	1,000	1,000
11	FTA Operating				81,340				70,600			
12	Capital - Local, State	16,418	10,000	10,000	10,000	10,000	29,421	129,162	106,302	106,302	106,302	10,000
13	Echo - FTA Capital		30,000	30,000	30,000	30,000	719,686	374,014	374,014	374,014	30,000	30,000
14	Transfer from Investment to Gen Acct.	800,000		2,453,094	88,745	1,510,632		837,631	1,905,556	388,759		924,228
15	Disbursements:											
16	Payroll = Net+Tax	(596,900)		(612,000)		(640,000)		(640,000)		(640,000)		(640,000)
17	A/P Wires	(27,778)	(414,704)	(1,773,500)	(154,480)	(23,500)	(261,100)	(188,500)	(1,909,100)	(106,500)	(403,600)	(188,500)
18	A/P Checks	(154,424)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
19	Capital Expenditures	(53,066)	(100,000)	(100,000)	(197,104)	(871,431)	(550,693)	(550,693)	(550,693)	(100,000)	(100,000)	(100,000)
20	Transfer to GASB Trust Acct.											
21	Actual Ending Book Balance / Targeted Minimum Balance	4,148,287	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

22 LAIF Account:

23	Beginning balance	2,000,000	1,200,000	4,810,999	2,357,906	2,269,161	791,929	4,990,913	4,153,282	2,247,726	1,860,551	5,626,192
24	Quarterly Interest Income									1,585		
25	Transfers to/from Gen Acct.	(800,000)	3,610,999	(2,453,094)	(88,745)	(1,510,632)	4,160,984	(837,631)	(1,905,556)	(388,759)	3,765,640	(924,228)
26	Transfers to/from County Pool	-	-	-	-	33,400	38,000	-	-	-	-	3,375
27	Ending balance	1,200,000	4,810,999	2,357,906	2,269,161	791,929	4,990,913	4,153,282	2,247,726	1,860,551	5,626,192	4,705,339

28 County Pool Account:

29	Beginning balance	38,489,601	38,498,138	38,498,138	38,498,138	38,518,665	38,485,265	38,447,265	38,447,265	38,453,280	38,453,280	38,453,280
30	Quarterly Interest Income	8,538			20,527				6,015			
31	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	-
32	Transfers to/from LAIF	-	-	-	-	(33,400)	(38,000)	-	-	-	-	(3,375)
33	Ending balance	38,498,138	38,498,138	38,498,138	38,518,665	38,485,265	38,447,265	38,447,265	38,453,280	38,453,280	38,453,280	38,449,905

<i>Restricted</i>	38,990,345	38,990,345	38,990,345	39,010,872	38,977,472	39,174,525	39,174,525	39,180,540	39,180,540	39,416,653	39,413,278
<i>Available for Operating</i>	4,856,080	4,368,792	1,915,699	1,826,954	349,722	4,313,653	3,476,022	1,570,466	1,183,291	4,712,819	3,791,966

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

September 4, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer
Cecilia Perez, Interim Risk Manager

SUBJECT: Annual Report for Public Agencies Self-Insured for Workers' Compensation Benefits

Summary: The Agency has been self-insured for workers' compensation benefits since April 1991. Prior to that, it was insured with the State Compensation Insurance Fund. The change to a self-insured plan permitted the Agency greater flexibility to work with the designated claims administrator to address employee needs while ensuring control of workers' compensation costs.

By October 1st of each year, public agencies that are self-insured for workers' compensation benefits are required to file a report with the State of California covering the previous fiscal year's activity. The Agency's annual report was filed with the State prior to the October 1st deadline. The California Labor Code requires each public self-insurer to advise its governing Board within 90 days after submission of the Self-Insurers Annual Report of the total liabilities reported and whether current funding of those liabilities is in compliance with the requirements of Government Accounting Standards Board (GASB) Publication 10.

In conjunction with this filing, AON completed an actuarial study of the Agency's self-insured workers' compensation and vehicle liability programs as of June 30, 2013. The study shows the Agency's estimated outstanding losses as of the end of the prior fiscal year (FY13) for workers' compensation total \$1,969,528 while liability totals \$337,602. Included within the workers' compensation figure is a factor for Incurred But Not Reported (IBNR) claims.

A comparison of the Agency's Projected Financial Position for total workers' compensation and vehicle liability over the prior fiscal year is shown below:

	June 30, 2012	June 30, 2013	Change Incr.+/ (Decr.)
Assets Available	\$ 2,343,924	\$ 2,307,130	\$ (36,794)
Estimated Outstanding Losses	<u>2,343,924</u>	<u>2,307,130</u>	<u>(36,794)</u>
Projected Financial Position (Assets - Estimated Outstanding Losses)	<u>-</u>	<u>-</u>	<u>-</u>

Assets Available consist of workers' compensation and vehicle liability reserves currently being recognized by the Agency. Estimated Outstanding Losses are derived by AON statistical formulae based on annual claims, cost per claim, and claim severity. Assets Available minus Estimated Outstanding Losses equal Projected Financial Position. This represents the amount of assets remaining after payment of all estimated losses and claims.

Staff derives case reserve amounts from a third party administrator based on an analysis of actual claims, claim amounts, and claim severity. Agency assets set aside to cover estimated losses and claims decreased by \$36,794 when comparing June 2013 to June 2012, commensurate with overall Estimated Outstanding Losses having decreased by \$36,794 since last year. The decrease in estimated outstanding losses is due to a decrease in claims severity, as claims frequency has actually increased. Thus, the Agency's Projected Financial Position is unchanged as it is fully reserved to the expected confidence level.

When AON's actuarial expected results are considered, the Agency's projected financial position indicates a confidence level of 55 percent on its self-insured workers' compensation and vehicle liability. The confidence level is the degree of certainty an actuary holds that assets are sufficient to pay losses in five and a half of the ten years in a ten year period.

The current funding of our workers' compensation liabilities is in compliance with the requirements of GASB 10.

Fiscal Impact:

None

Recommendation:

Approve and recommend this item to the full Board of Directors for their consideration as follows:

- Receive and file.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

September 4, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Gordon Robinson, Director of Planning
Craig Fajnor, Chief Financial Officer

SUBJECT: Authorization to Develop a Service Reduction Plan, with a Proposed Effective Date of July 1, 2014, Due to the Continued Hold of Federal Grant Funding

Summary: As part of the federal funding process, Agency federal grant applications are forwarded by the Federal Transit Administration (FTA) Region 9 office to the United States Department of Labor (DoL) for concurrence. Among the concurrence criteria is the certification that transit operators are compliant with certain collective bargaining right provisions. Section 13(c) of the Federal Transit Act (13(c)) requires that certain employee protections be certified by the DoL before federal transit funding is released to a mass transit provider. The lack of DoL certification means that requested federal funds cannot be released to the Agency.

In September 2012, Governor Brown signed the Public Employees' Pension Reform Act (PEPRA) into law. The law became effective January 1, 2013. As the Agency's pension plan is managed by the California Public Employees' Retirement System (CalPERS), the Agency must be compliant with PEPRA requirements. However, the Amalgamated Transit Union (ATU) believes PEPRA violates their right to collective bargaining for pension benefits. This is the grounds for the ATU's objection to the certification of the Agency's grants by the DoL. The ATU represents the Agency's coach operators and mechanics. Throughout the State of California, this issue is affecting many transit agencies that receive federal funding that also have pension plans under CalPERS.

In February 2013, the Agency was formally notified that the DoL received objection letters from the ATU for two Agency grants. Since that time, the ATU has objected to a third grant, so it has not been certified.

The Agency utilizes federal funds for both operating and capital expenses. For FY13 and FY14, approximately \$31.5 million in operating and capital federal funds have been or are expected to be withheld by the DoL. Over the last several months, the Agency has worked closely with the Riverside County Transportation Commission (RCTC) to develop a contingency plan to subsidize the current federal funding shortage through the end of FY14 utilizing available reserves. In order to maintain financial stability, the Agency must prepare for the implementation of service reductions, effective July 1, 2014.

Per the Agency's Public Hearing Policy for Major Service and Fare Changes, staff is required to provide the public with an opportunity to comment on proposed major service expansions or reductions that exceed 25% or more of a current route's configuration. Absent a resolution in this matter, staff will return to the Board with a detailed service reduction plan and recommendations to reduce fixed route and Dial-A-Ride (DAR) service levels.

The Agency will work with the ATU, Local 1277, to coordinate necessary actions to postpone the timing of the contractually mandated May 2014 service change to July 1, 2014 (the effective date of the proposed service reduction plan). The table below highlights upcoming dates in accordance with the implementation of a service reduction plan.

Service Reduction Plan Timeline

Staff develops a proposed service reduction plan	October – November 2013
Staff presents the proposed service reduction plan to the Board for review and comment	December 2013
Staff to issue public notice of proposed service reduction plan	Late December 2013
Board to approve the opening of a public hearing	January 2014
Staff to conduct public meetings to solicit public comments	February 2014
Board to approve the closing of the public hearing and service reduction plan	March 2014
New route schedules and maps finalized for publication in the Agency's RideGuide and at other transit facility locations.	April – June 2014
Service reduction plan becomes effective July 1, 2014	July 2014

The Agency currently operates approximately 703,000 annual revenue service hours, which encompass all fixed route and DAR services. In FY15, staff anticipates an approximate 30% system wide service reduction based on a projected funding deficit of approximately \$13.1 million in federal operating funds and the associated decrease in farebox revenue. Staff will analyze and develop detailed fixed route and DAR service reduction recommendations to meet the projected funding deficit.

In composing a service reduction plan, staff will prioritize service recommendations based on various service planning components, including the following:

- Title VI of the Civil Rights Act of 1964 service equity implications on minority and low-income populations
- Maintain Lifeline service at acceptable service levels
- Ridership levels and passenger loads at the trip level, route segment, and at stop locations
- Service productivity including farebox recovery
- Span of service (i.e. peak and off-peak service on weekdays, weekends, and holidays)
- Service frequency and connectivity between routes and with other bus and rail service providers
- Feedback from the public, Board, and other stakeholders

Fiscal Impact:

By the end of FY14, staff anticipates that a total of \$31.5 million in federal funding will be held up by the lack of DoL grant certification. If these federal funds are not released to the Agency by the end of FY14, it will become necessary for the Agency to implement a service reduction plan in order to maintain financial stability.

In preparing for the implementation of a plan effective July 1, 2014, staff will reflect the service recommendations and corresponding financial status in the Agency's FY15-17 Short Range Transit Plan and FY15 Operating and Capital budgets. However, this strategy may change in the coming months if a resolution results in the release of the Agency's federal grant funds.

Recommendations:

Approve and recommend this item to the full Board of Directors for their consideration as follows:

- Authorize staff to develop a service reduction plan, with a proposed effective date of July 1, 2014, due to the continued hold of federal grant funding.
- Return to the Board in December 2013 with the service reduction plan and recommendations.