



## ANTELOPE VALLEY TRANSIT AUTHORITY

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### **Special Meeting of the Board of Directors**

**Wednesday, April 17, 2013**

**2:00 p.m.**

Antelope Valley Transit Authority Board Room

42210 6<sup>th</sup> Street West, Lancaster, California

[www.avta.com](http://www.avta.com)

### **AGENDA**

For record keeping purposes, and in the event that staff may need to contact you, we request that a speaker card, located at the Board Room entrance, be completed and deposited with the AVTA Clerk of the Board. This will then become public information. Please note that you are not required to complete this form or to state your name and residence in order to speak. A three-minute time limit will be imposed on all speakers other than staff members.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please contact the Clerk of the Board at (661) 729-2258 at least 72 hours prior to the scheduled Board of Directors meeting.

Limited English Proficiency (LEP) persons, if you require translation services, please contact the Clerk of the Board at (661) 729-2258 at least 72 hours prior to the meeting.

**Please turn off, or set to vibrate, cell phones, pagers, and other electronic devices for the duration of this meeting.**

#### **CALL TO ORDER**

#### **PLEDGE OF ALLEGIANCE**

#### **ROLL CALL:**

Chairman Norm Hickling, Vice Chairman Marvin Crist, Director Ken Mann, Director Tom Lackey, Director Steve Hofbauer, and Director Dianne Knippel

#### **PUBLIC BUSINESS FROM THE FLOOR:**

If you wish to address the AVTA Board on any agenda item but are unable to stay until the item is called, your comments may be made at this time. Please give your

completed Speaker Card (available as you enter the Board Room) to the Clerk of the Board. Speaking clearly, state and spell your name for the record. Each speaker is limited to three (3) minutes.

**MISCELLANEOUS BUSINESS – NON-AGENDA ITEMS:**

This portion of the meeting allows the public the opportunity to address the Board of Directors of the Antelope Valley Transit Authority on non-agenda items that are within the Board's subject matter jurisdiction. **State law generally prohibits the Board of Directors from taking action on or discussing non-agenda items.** Your matter will be referred to the Authority's Executive Director for follow-up. Individual speakers are limited to three (3) minutes each.

**OLD BUSINESS:**

OB 1 Capital Reserve Contributions for FY13 – Colby Konisek

**MISCELLANEOUS BUSINESS – NON-AGENDA BOARD OF DIRECTORS ITEMS:**

During this portion of the meeting, Board Members may address non-agenda items by briefly responding to statements made or questions posed by the public, asking a question for clarification, making a brief announcement, or making a brief report on their own activities. **State law generally prohibits the AVTA Board of Directors from taking action on or discussing items not on the agenda.** Matters will be referred to the Executive Director for follow-up.

**ADJOURNMENT:**

Adjourn to the Regular Meeting of the Board of Directors on April 23, 2013 at 10:00 a.m. at the Antelope Valley Transit Authority Board Room, 42210 6<sup>th</sup> St. West, Lancaster, CA.

**The Agenda was posted by 8:00 a.m. on April 15, 2013 at the entrance to the Antelope Valley Transit Authority.**

Copies of the staff reports and attachments or other written documentation relating to each proposed item of business on the agenda presented for consideration by the Board of Directors are on file in the Office of the Executive Director. Additionally, any discloseable public records related to an open session item on a regular meeting agenda and distributed by the Antelope Valley Transit Authority to the Board of Directors less than 72 hours prior to that meeting also are on file in the Office of the Executive Director. These documents are available for public inspection during regular business hours at the Customer Service window of the Antelope Valley Transit Authority located at 42210 6<sup>th</sup> Street West, Lancaster.

**DATE:** April 17, 2013  
**TO:** BOARD OF DIRECTORS  
**SUBJECT:** Budget Workshop - Capital Reserve Contributions

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### **RECOMMENDATION**

Discuss issues surrounding Fiscal Year 2013 capital reserve contributions and provide direction to staff regarding payment for the remainder of the year (through June 30, 2013).

### **FISCAL IMPACT**

Capital reserve contributions budgeted for the current fiscal year approved as part of the FY13 Business Plan totaling \$460,896. Staff has recommended a holiday for the first six months of FY13 with resumption of payments for the remaining six months. Therefore, the amount in question is 50% of that amount, or \$230,448 split among the three jurisdictions.

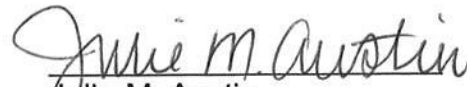
### **BACKGROUND**

A temporary suspension of capital reserve payments was approved by the Board in September 2012, pending completion of an analysis of the reserve fund. If no contributions are received for the entire year, the capital reserve budgeted amount will be reduced by \$460,896. Although the amount equates approximately to the cost of one bus, no payments in FY13 would not have an immediate impact on the Authority's capital program.

The attached staff report was presented to the Board on March 26, 2013. The staff report was not approved and two alternative motions were submitted: one recommending that one quarter payment be made for FY13, resuming normal contributions in FY14 (July 1, 2013); and the other recommending that no payments be made for FY13, resuming contributions on July 1, 2013. Neither alternative motion received a majority vote. In lieu of taking action at this meeting, a modified motion was unanimously approved to schedule a special Budget Board meeting prior to the April 23, 2013 Board meeting to discuss the capital reserve contributions for FY13, and include presentations and testimony from the jurisdictions.

The special meeting has been scheduled for April 17, 2013 at the AVTA offices. Staff will present some educational slides regarding transit funding and capital reserves. It is anticipated that jurisdiction members will also provide testimony and presentations as requested.

Submitted by:

  
Julie M. Austin  
Executive Director

Attachment: March 26, 2013 Staff Report – Capital Reserve Contributions for FY13

Not Approved: The Board voted to table the matter for further consideration at a Special Board meeting.

**NB 2**

**DATE: March 26, 2013**

**TO: BOARD OF DIRECTORS**

**SUBJECT: Capital Reserve Contributions for FY13**

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### **RECOMMENDATION**

Approve resumption of Capital Reserve Contribution payments by jurisdiction members effective January 1, 2013, the beginning of the third quarter of FY13.

### **FISCAL IMPACT**

Upon Board approval, a total of \$115,224 will be invoiced to jurisdictional members for the third quarter of FY13. The Capital Reserve balance would reflect a decrease in funding vs. the original budget of \$230,448 due to the payment holiday provided in the first two quarters of FY13. The current Capital Reserve balance is sufficient to handle this reduction.

### **BACKGROUND**

The Capital Reserve account was established to set aside a capital contribution from each jurisdiction in an amount sufficient to provide local match funds of 20% for the replacement cost of heavy-duty transit and commuter coaches. Expansion vehicles, light and medium duty revenue vehicles, support vehicles and other capital items are not included in this program. Current policy is to apply reserve account funds toward the matching requirements of transit and commuter bus equipment. The Capital Reserve account segregates the assets reserved for bus replacements and is used only when approved by the AVTA Board of Directors.

On September 25, 2012 the Board approved a temporary suspension of jurisdictional payments to the Capital Reserve account, pending completion of the reserve analysis and accompanying annual funding requirements for the jurisdiction members. Operating contribution payments continued with no change.

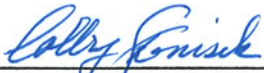
During the intervening months, staff prepared and discussed several different multi-year funding scenarios with TAC. At the February 26, 2013 Board meeting, staff presented funding recommendations for the Capital Reserve and Operating Reserve contributions in the presentation of the FY14 Budget Assumptions. The recommendation was to continue funding and introduce a 3% increase over current fiscal year levels for both capital and operating contributions to keep pace with the effects of inflation that occurred during the previous seven years, where no increase occurred. After

discussion, the Board of Directors approved the Preliminary Budget Assumptions with the removal of the 3% inflation adjustment. Further review of Reserve Contribution levels will occur pending completion of the FY13 Financial Audit in December 2013. At that time, staff will evaluate AVTA's financial position and determine if a retroactive credit could be given to the jurisdictions based on actual revenues, expenditures and needs. This approach was discussed and agreed upon by TAC members.

At this time, staff is recommending the resumption of Capital Reserve Contribution payments by jurisdictional members.

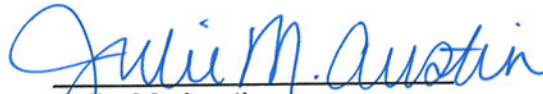
Prepared by:

Submitted by:



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Colby Konisek  
Director of Finance



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Julie M. Austin  
Executive Director/Treasurer