



Regular Meeting of the Board of Directors

ONLINE ZOOM MEETING PER GOVERNOR'S ORDER N-29-20

Tuesday, November 24, 2020

10:00 a.m.

Antelope Valley Transit Authority Community Room
42210 6th Street West, Lancaster, California
www.avta.com

AGENDA

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) 729-2206 at least 72 hours prior to the scheduled Board of Directors meeting. All accommodation requests will be handled swiftly and resolving all doubts in favor of access.

In response to Governor's Executive Order N-29-20, this meeting will be conducted online through Zoom. The public may access the meeting as follows:

Click here to join: <https://us02web.zoom.us/j/86200011988>

Dial by telephone to join: (669) 900-6833
Meeting ID: 862 0001 1988
Passcode: 152574

PUBLIC COMMENTS ON AGENDIZED ITEMS MAY BE SUBMITTED VIA EMAIL TO clerkoftheboard@avta.com OR BY TELEPHONE AT 661/729-2206 AT LEAST TWO HOURS PRIOR TO THE START OF THE MEETING.

Translation services for Limited English Proficiency (LEP) persons are also available by contacting the Clerk of the Board 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

ROLL CALL:

Chairman Marvin Crist, Vice Chair Dianne Knippel, Director Steve Hofbauer, Director Michelle Flanagan, Director Richard Loa, Director Raj Malhi

APPROVAL OF AGENDA

PUBLIC BUSINESS – AGENDIZED AND NON-AGENDIZED ITEMS:

If you would like to address the Board on any agendized or non-agendized items, your comments must be submitted via email to clerkoftheboard@avta.com or by telephone at 661/729-2206 at least two hours prior to the start of the meeting and will be read by the Clerk of the Board during the Public Business portion of the agenda. **State law generally prohibits the Board of Directors from taking action on or discussing non-agenda items; therefore, your matter will be referred to the Authority’s Executive Director/CEO for follow-up.** Each comment is limited to three (3) minutes.

SPECIAL REPORTS, PRESENTATIONS, AND REQUESTS FOR DIRECTION (SRP): During this portion of the meeting, staff will present information not normally covered under regular meeting items. This information may include, but is not limited to budget presentations, staff conference presentations, or information from outside sources that relates to the transit industry. **Staff will seek direction as is necessary from the Board with regard to the following item(s).**

SRP 1 LEGISLATIVE REPORT FOR NOVEMBER – JUDY VACCARO-FRY

SRP 2 OPERATIONS KEY PERFORMANCE INDICATORS (KPI) REPORT – MARTIN TOMPKINS

SRP 3 MAINTENANCE KPI REPORT – CECIL FOUST

CONSENT CALENDAR (CC): Items 1 through 5 are consent items that may be received and filed and/or approved by the Board in a single motion. If any member of the Executive Board wishes to discuss a consent item, please request that the item be pulled for further discussion and potential action.

CC 1 BOARD OF DIRECTORS MEETING MINUTES OF OCTOBER 27, 2020 – KAREN DARR

Recommended Action: Approve the Board of Directors Regular Meeting Minutes of October 27, 2020.

CC 2 FINANCIAL REPORT FOR OCTOBER 2020 – JUDY VACCARO-FRY

Recommended Action: Receive and file the Financial Report, including Quarterly Treasurer, Capital Reserve, and Farebox Recovery information, for October 2020.

CC 3 GRANT STATUS REPORT – JUDY VACCARO-FRY

Recommended Action: Receive and file the Grant Status Report.

CC 4 CONTRACT #2021-35 TO PINNACLE PETROLEUM, INC., FOR BULK FUEL SUPPLY AND DELIVERY – LYLE BLOCK

Recommended Action: Authorize the Executive Director/CEO to execute Contract #2021-35 for bulk fuel supply and delivery to Pinnacle Petroleum, Inc., Huntington Beach, CA for an eighteen-month period for an estimated amount of \$850,000.

CC 5 AMEND THE AGENCY’S SALARY AND CLASSIFICATION SCHEDULE – MARTIN TOMPKINS

Recommended Action: Approve amending the Agency’s Classification and Salary Schedule to 1) add a Fleet Technical Training Manager position; 2) amend the Records Management Technician position to a Records Management Technician I/II; and 3) remove the Records Management Assistant position.

NEW BUSINESS (NB):

NB 1 DRAFT AUDITED FINANCIAL STATEMENTS AND SINGLE AUDIT OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020 – JUDY VACCARO-FRY

Recommended Action: Approve the Draft Audited Financial Statements and Single Audit Report of Federal Awards for the year ended June 30, 2020.

NB 2 PROPOSED SERVICE CHANGES – MARTIN TOMPKINS

Recommended Action: Authorize the Executive Director/CEO to implement the following proposed changes effective December 14, 2020 in accordance with the Federal Transit Administration (FTA) Guidelines:

- *Implementation and use of the South Valley Transit Center, Palmdale CA for opportunity charging.*
- *Route 1: Eliminate the layover located at 47th Street East and Avenue S. The Route 3 will service the portion eliminated on the Route 1.*
- *Route 2: Adjust routing to continue service boarding and alighting at 47th Street East and Avenue R.*
- *Route 3: Eliminate the stop at Avenue O-8 due to low ridership.*

- *Route 52: Adjust and extend the running times in order to receive the optimal utilization of the South Valley Transit Center. These adjustments will reduce the number of trips but will provide the same time coverage.*

CLOSED SESSION (CS):

PRESENTATION BY LEGAL COUNSEL OF ITEM(S) TO BE DISCUSSED IN CLOSED SESSION:

- CS 1 Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(d)(2)
Significant exposure to litigation (two potential cases)
- CS 2 Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(d)(4)
Consideration of whether to initiate litigation (one potential case)

RECESS TO CLOSED SESSION

RECONVENE TO PUBLIC SESSION

REPORT BY LEGAL COUNSEL OF ACTION TAKEN IN CLOSED SESSION

REPORTS AND ANNOUNCEMENTS (RA):

- RA 1 Report by the Executive Director/CEO

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/CEO for follow-up.

ADJOURNMENT:

Adjourn to the Regular Meeting of the Board of Directors on January 26, 2021 at 10:00 a.m. in the Antelope Valley Transit Authority Community Room, 42210 6th Street West, Lancaster, CA.

The agenda was posted by 6:00 p.m. on November 19, 2020 at the entrance to the Antelope Valley Transit Authority, 42210 6th Street West, Lancaster, CA 93534.

Copies of the staff reports and attachments or other written documentation relating to each proposed item of business on the agenda presented for discussion by the Board of Directors are on file in the Office of the Executive Director/CEO. Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the AVTA to the Board of Directors less than 72 hours prior to that meeting are on file in the Office of the Executive Director/CEO. These documents are available for public inspection during regular business hours at the Customer Service window of the AVTA at 42210 6th Street West, Lancaster or by contacting the Clerk of the Board at (661) 729-2206.

2020 Legislative Wrap Up

Presentation to AVTA Board of Directors
November 24, 2020



2020 Wrap Up

STATE / LOCAL

Race for the 25th District Representative still pending.

Palmdale City Council retained current leadership.

Congratulations to Mayor Hofbauer, and Council Members Loa and Bishop.

FEDERAL

Government funded through December 11, 2020. We can expect a continuing resolution through first quarter 2021.

Stimulus still pending.

The House voted to retain current leadership for another two years.

LACMTA's Phil Washington has been named to head Department of Transportation (DOT) transition team.



Questions?



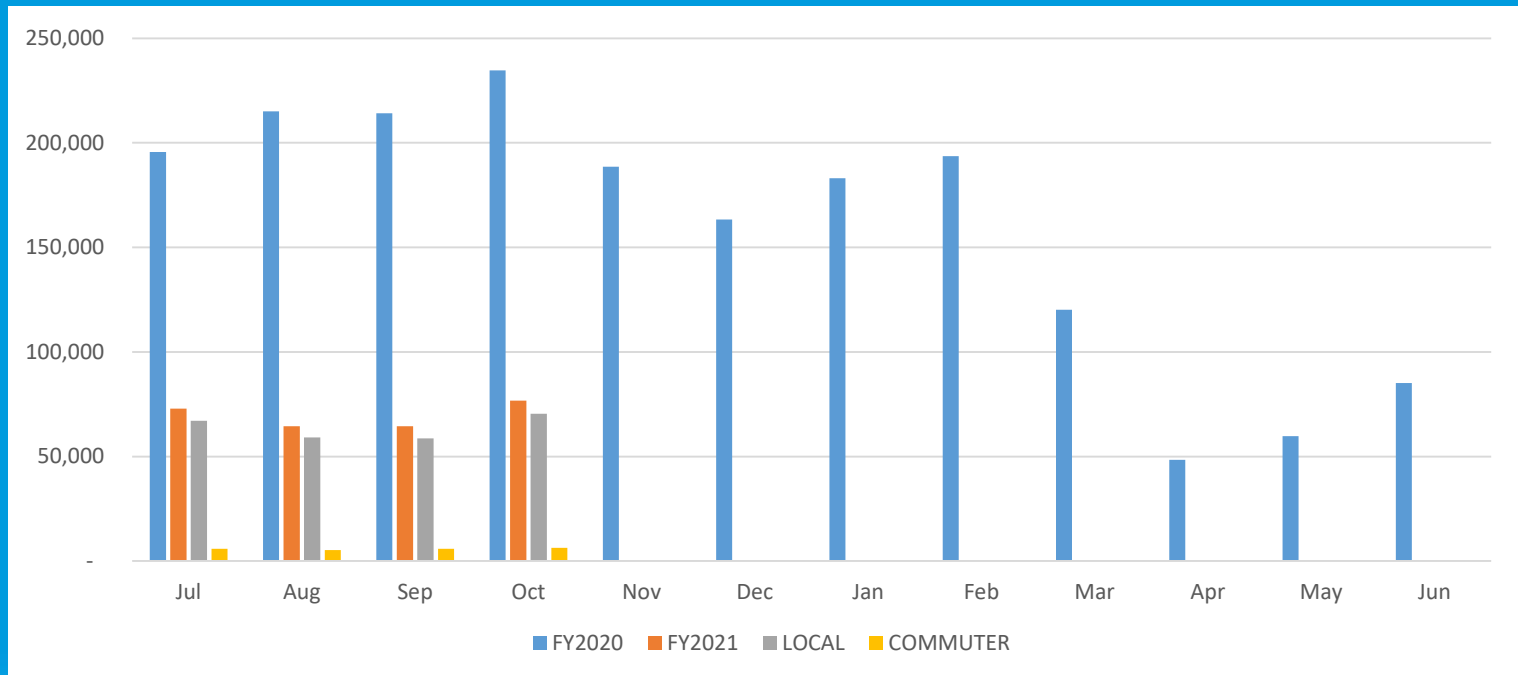
FY 2021 Monthly Operations Key Performance Indicators

Presentation to the Board of Directors
November 24, 2020

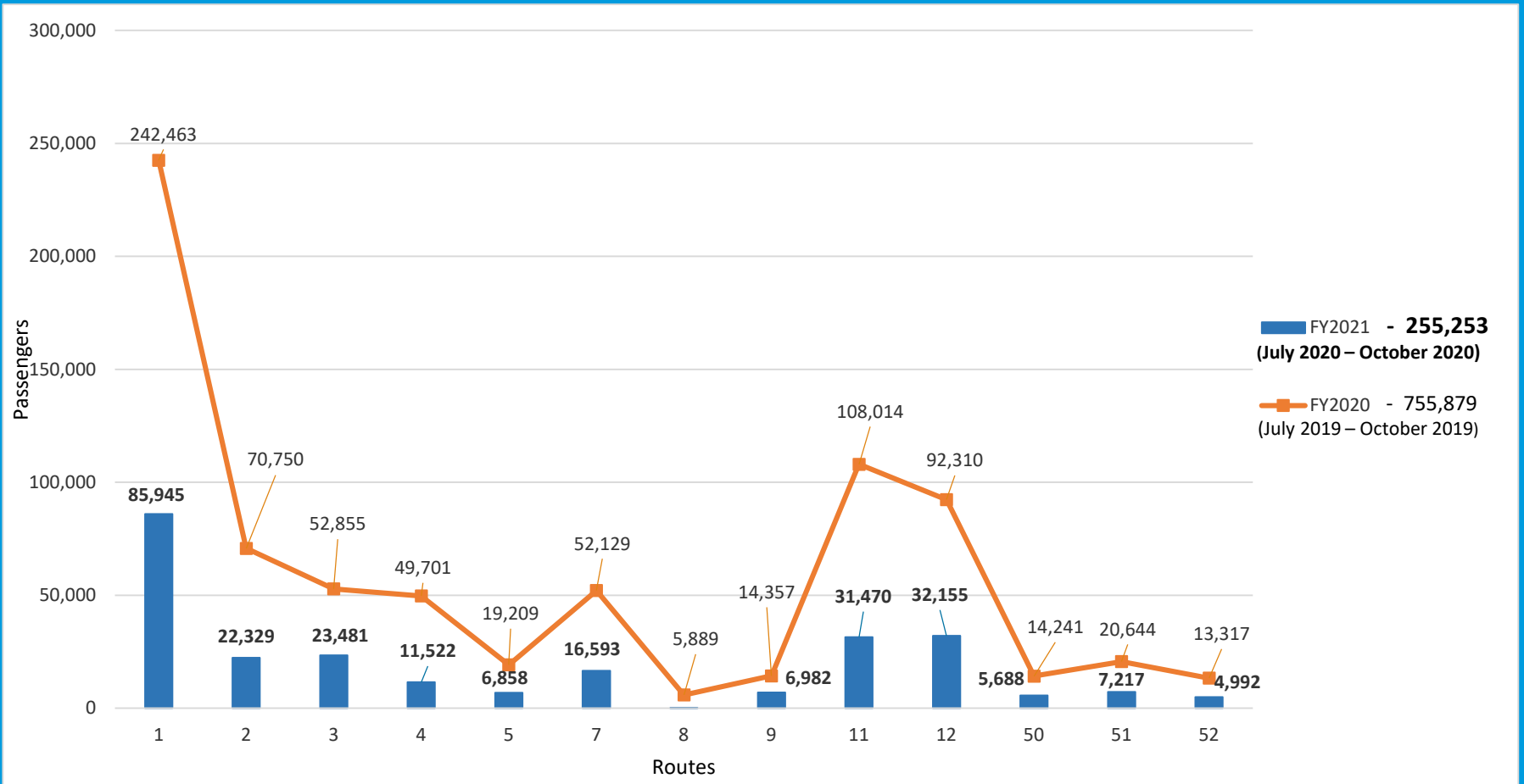


MONTHLY BOARDING ACTIVITY

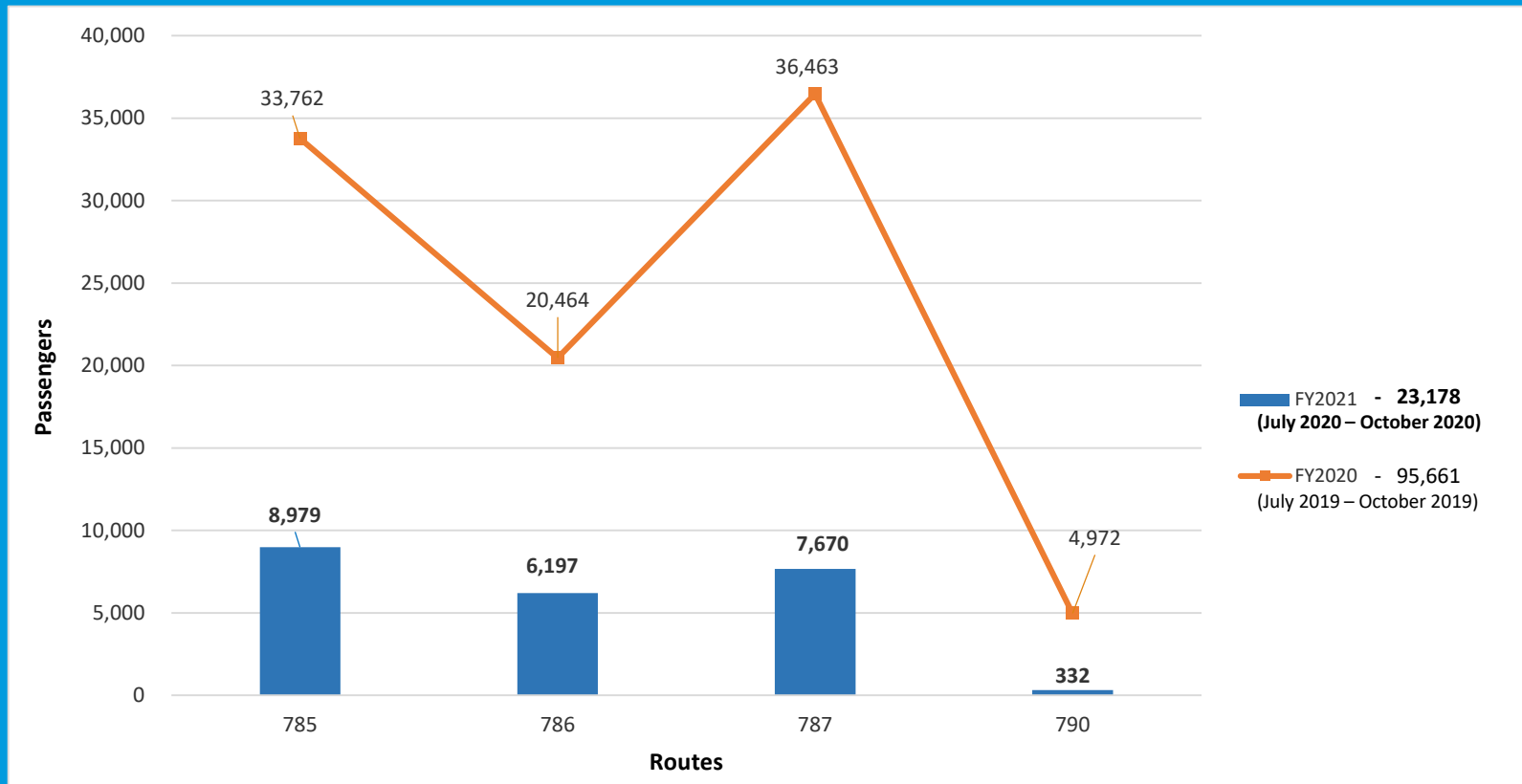
	October FY 2021	September FY 2021
System	76,689	64,447
Local	70,428	58,639
Commuter	6,261	5,808



ANNUAL RIDERSHIP LOCAL ROUTES

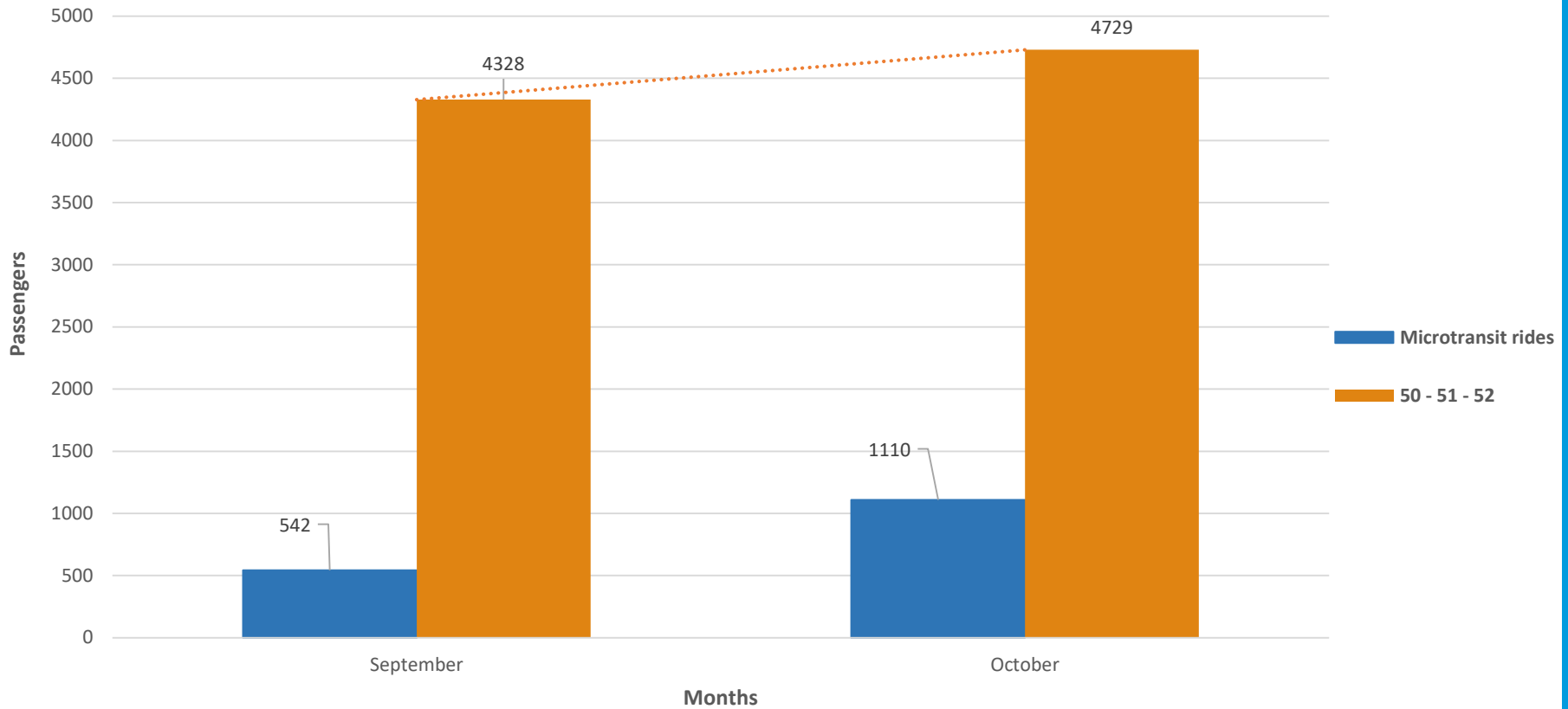


ANNUAL RIDERSHIP COMMUTER ROUTES



MICROTRANSIT RIDERSHIP ACTIVITY PILOT PROGRAM

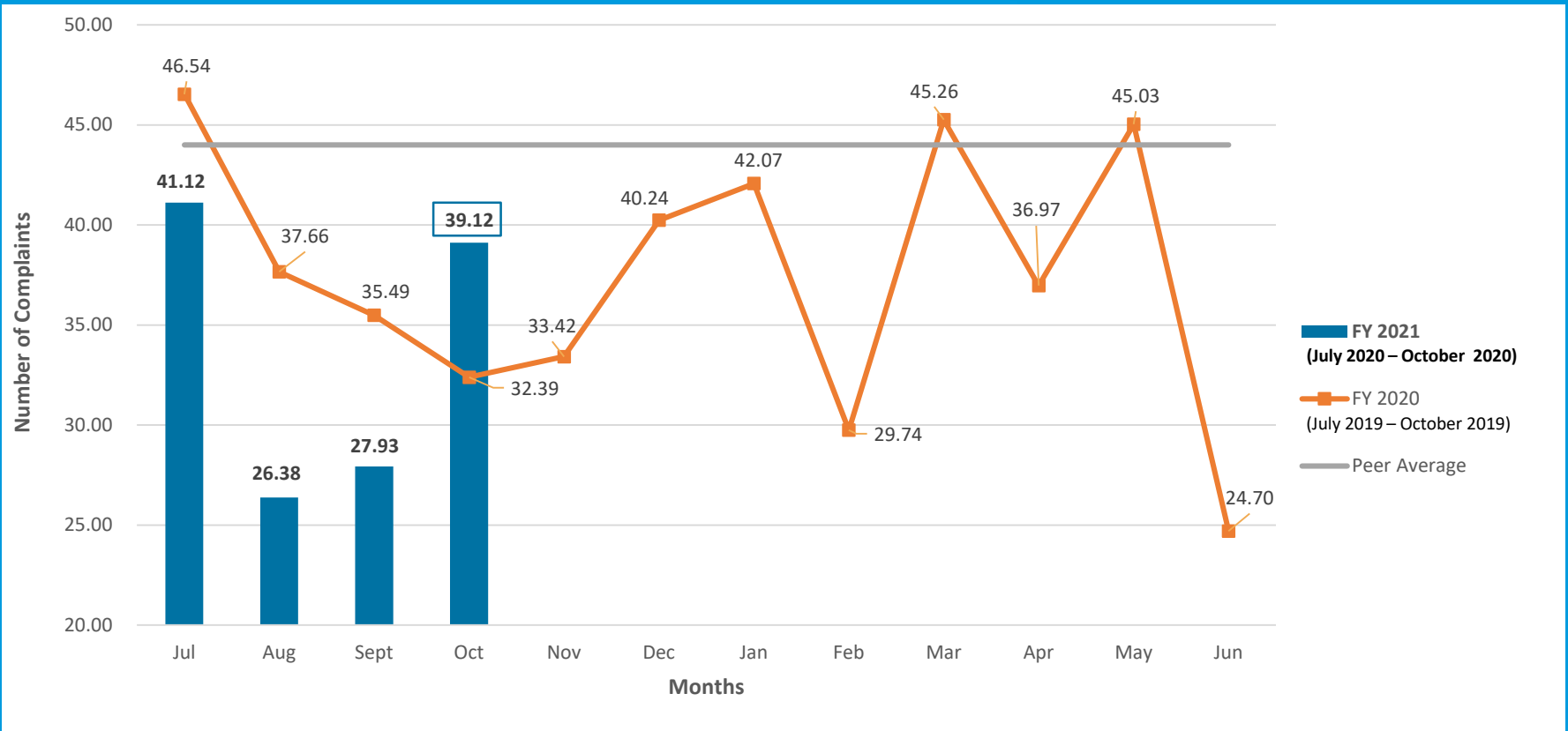
Microtransit vs Routes 50, 51 & 52



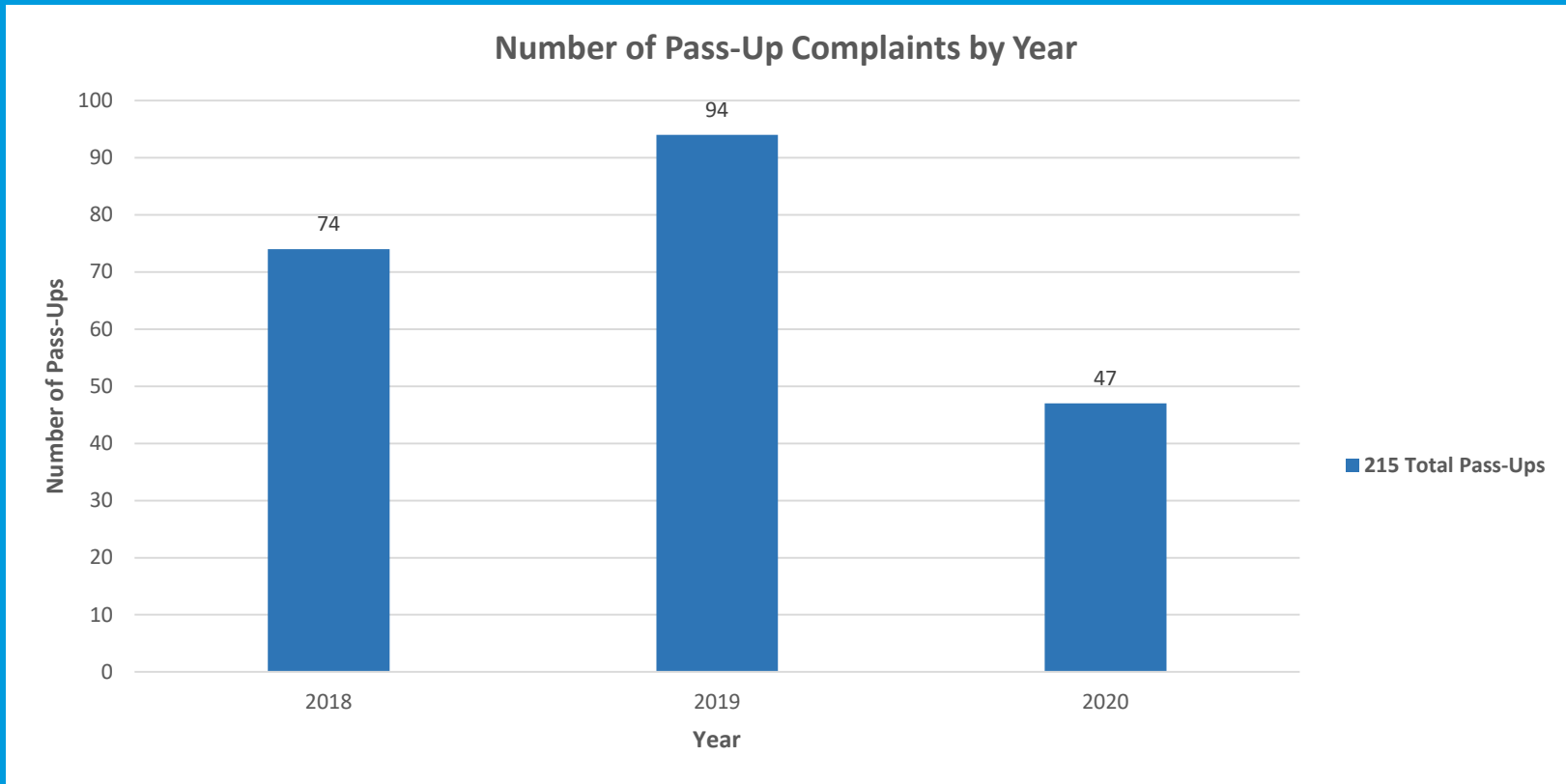
COMPLAINTS/100,000 BOARDINGS

OCTOBER - SYSTEM WIDE AVERAGE: 39.12

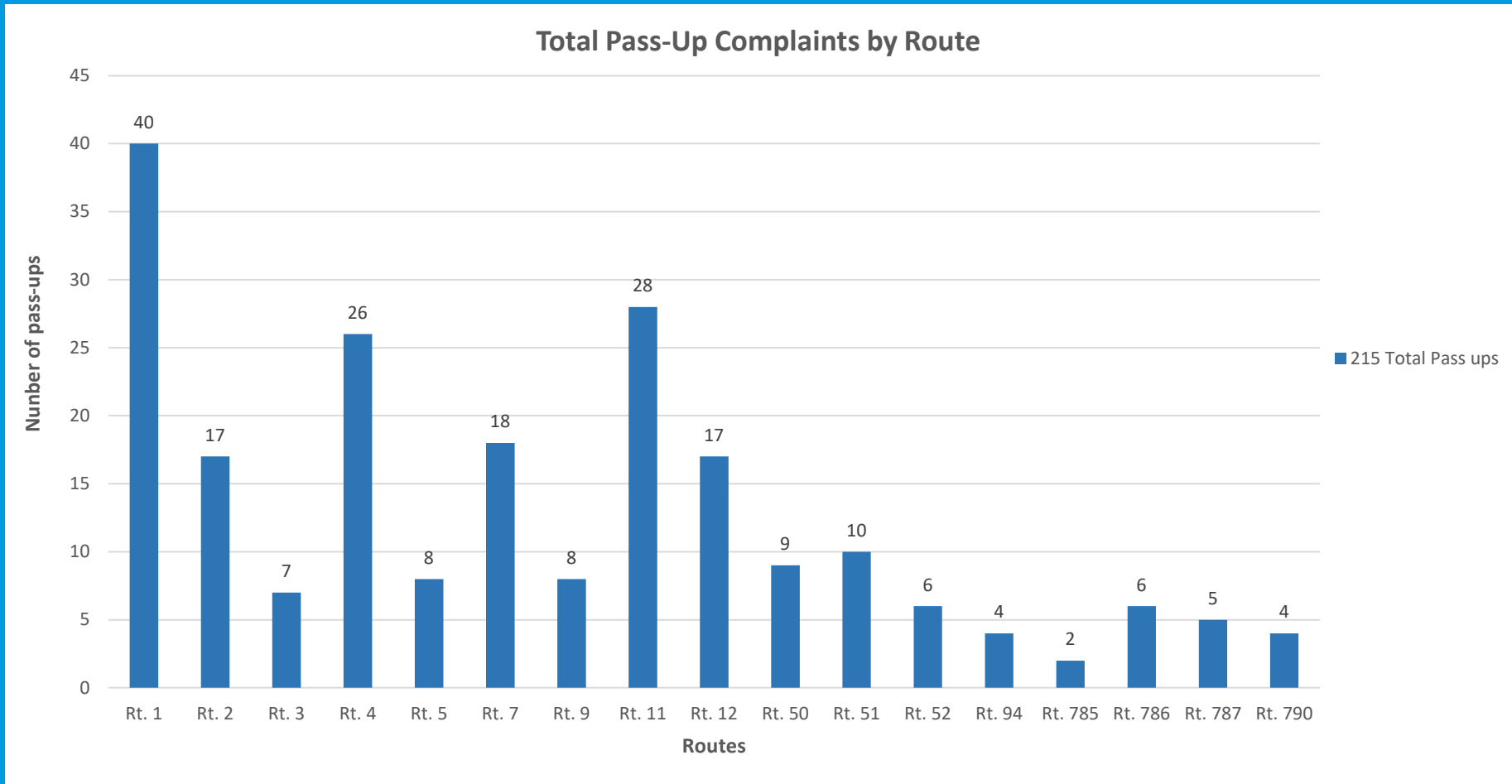
PEER AVERAGE: 44.00



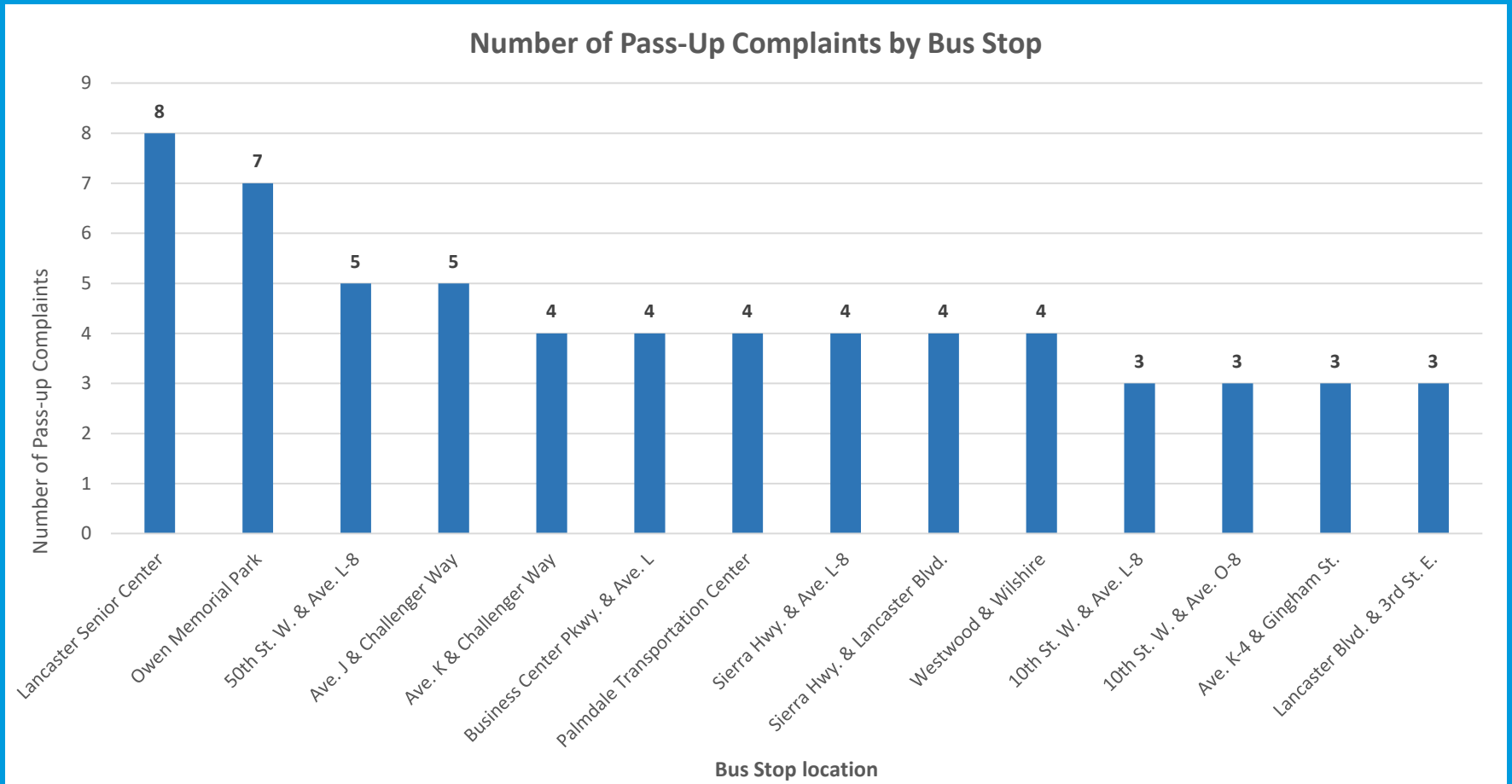
Passenger Pass-Up Complaints



Passenger Pass-Up Complaints By Route

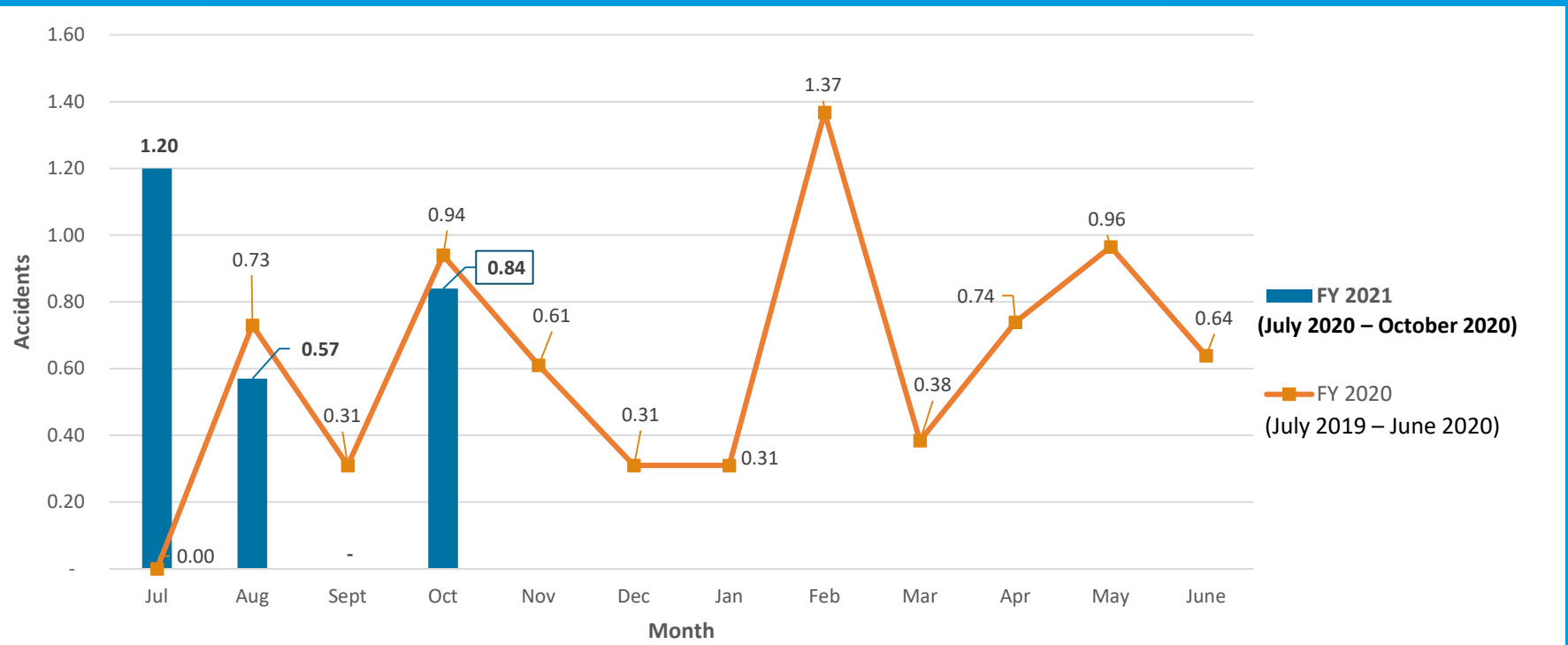


Passenger Pass-Up Complaints By Stop



PREVENTABLE ACCIDENTS/100,000 MILES

OCTOBER - SYSTEM WIDE AVERAGE: 0.84



KEY PERFORMANCE INDICATORS

	October FY 2021	September FY 2021	October FY 2020
Boarding Activity	76,689	64,447	234,623
Complaints / 100,000 Boardings	39.12	27.93	32.39
Preventable Accidents / 100,000 Miles	0.84	0.0	0.94

Thank you!

Questions?

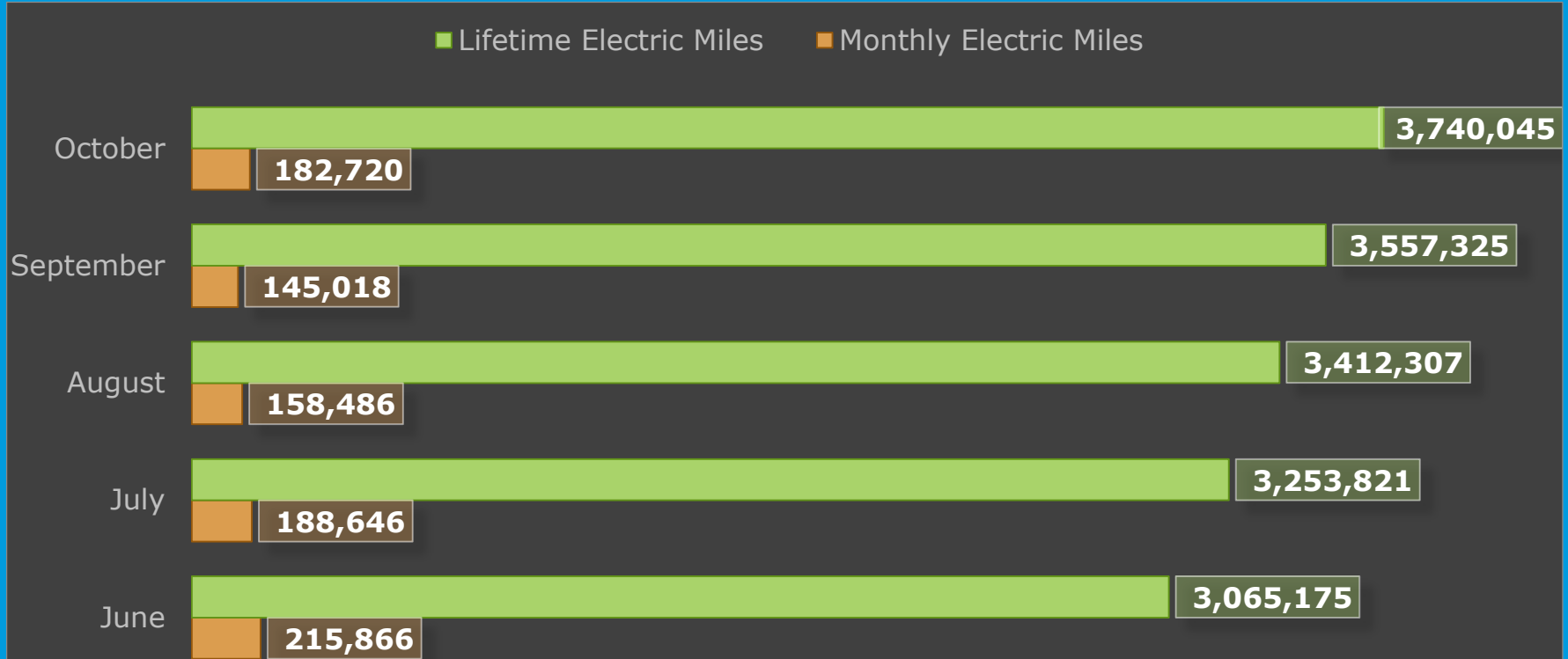


October 2020 Maintenance Key Performance Indicators

Presentation to the Board of Directors
November 24, 2020



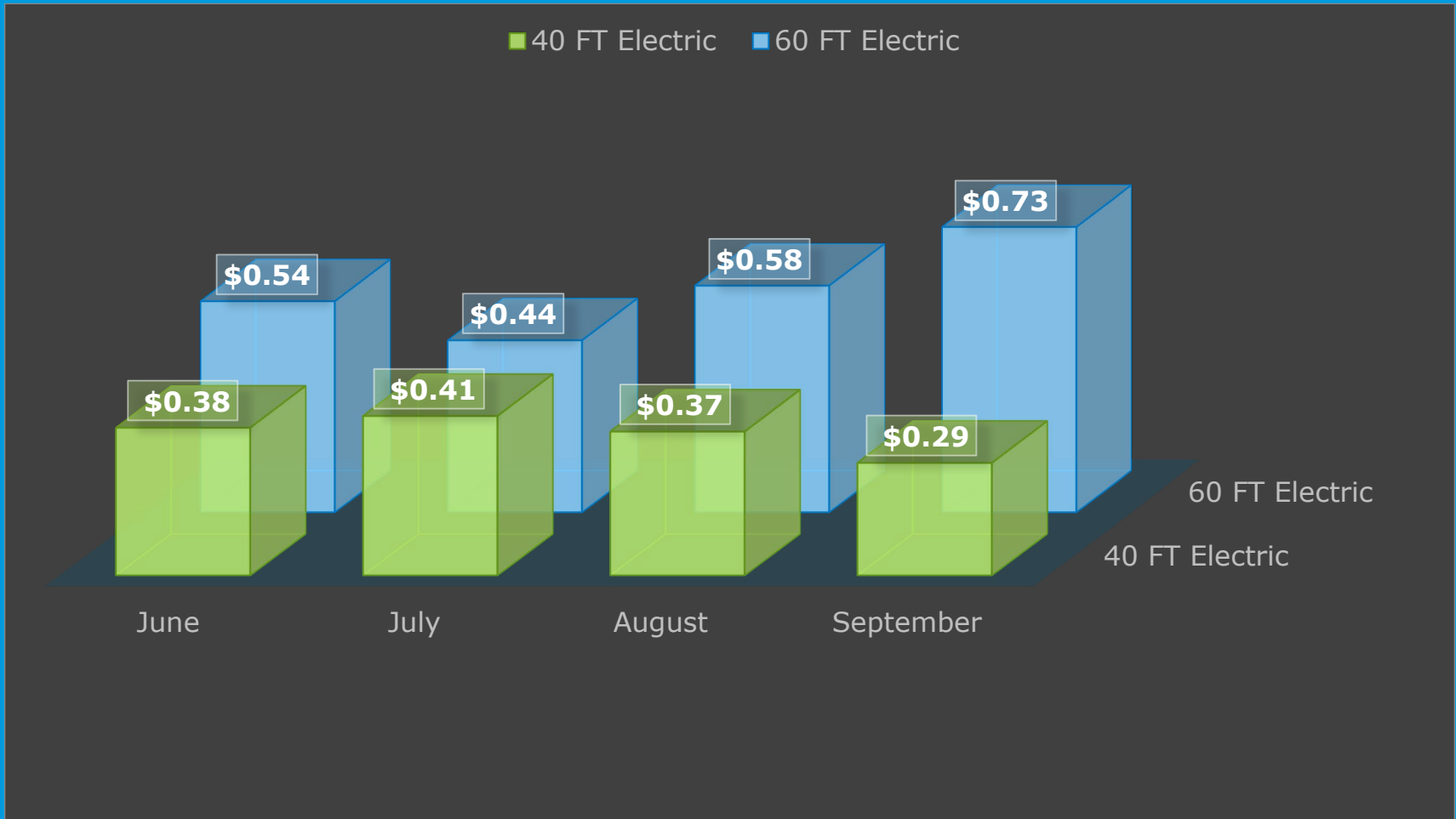
ELECTRIC MILES TRAVELED



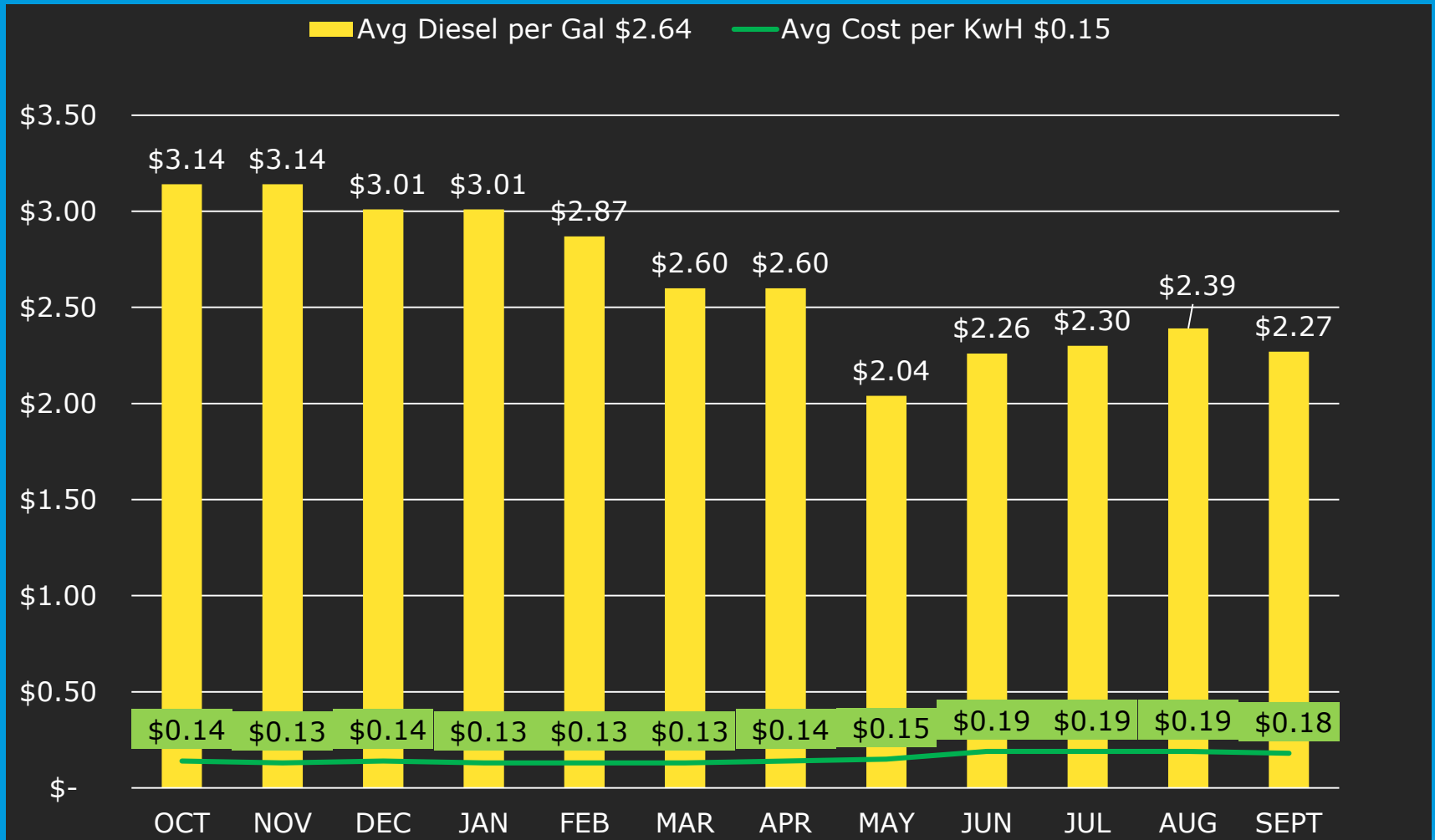
We have also logged an additional 35,424 electric miles in Dial-a-Ride and Microtransit modes



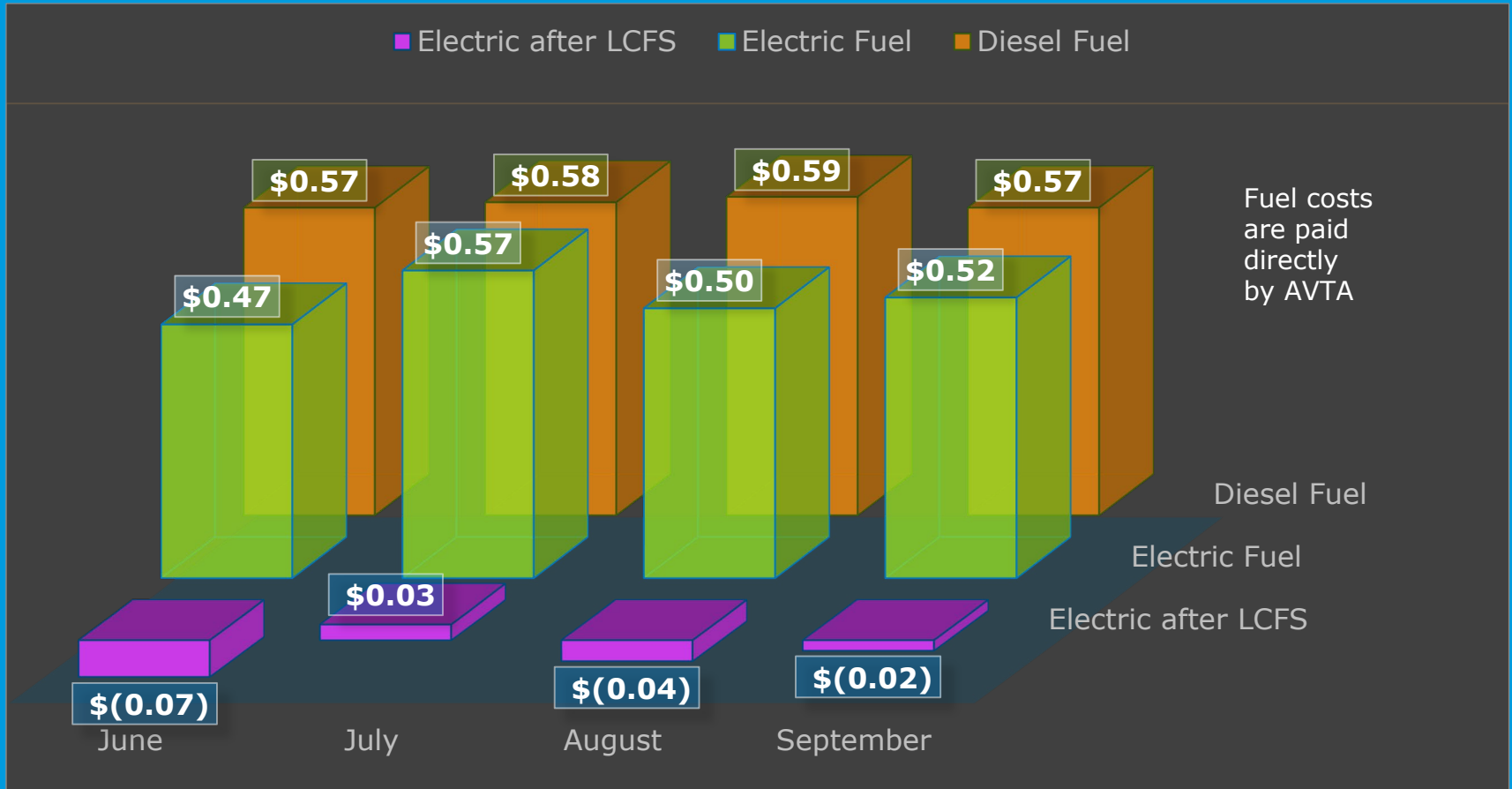
MAINTENANCE COST PER MILE BY FLEET



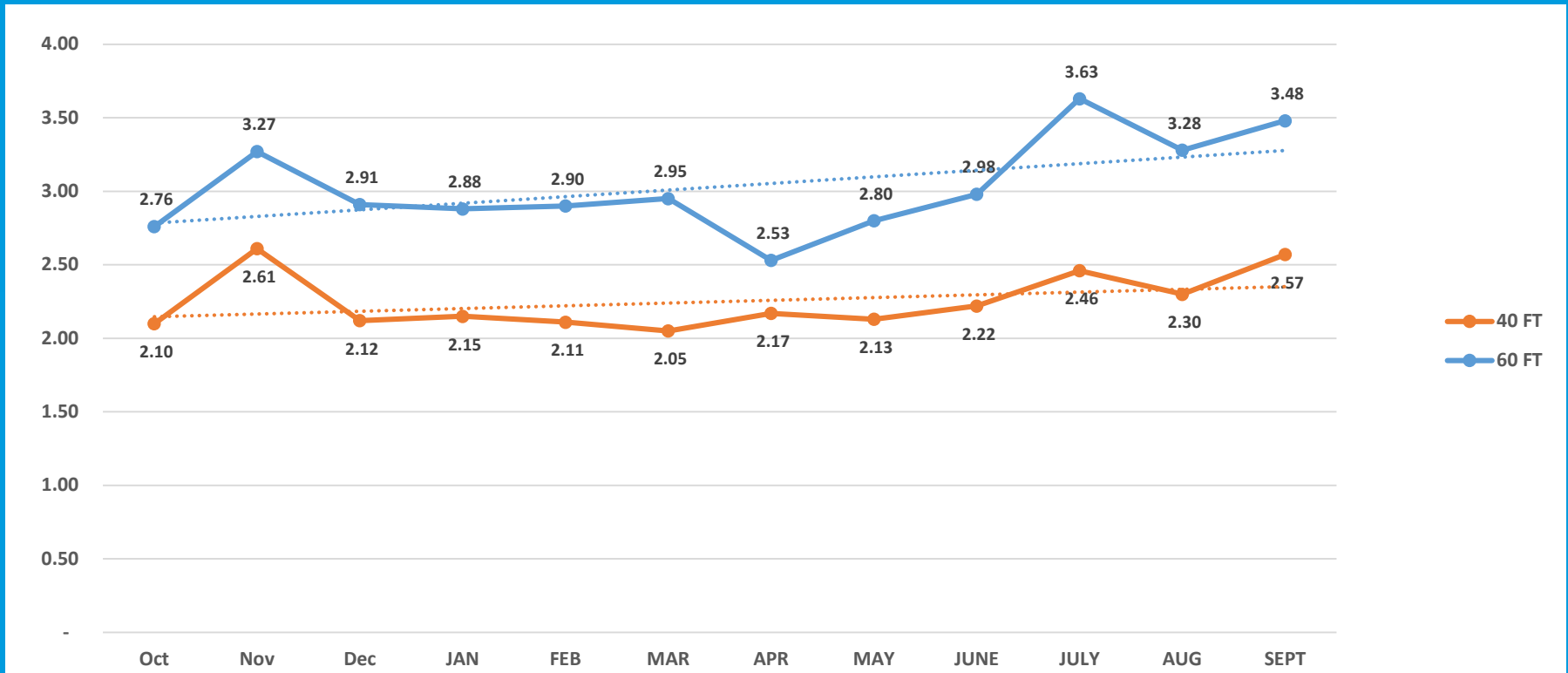
FUEL/ENERGY COST PRIOR 12 MONTHS



PROPULSION FUEL COST PER MILE w/LOW CARBON FUEL STANDARD (LCFS) OFFSET

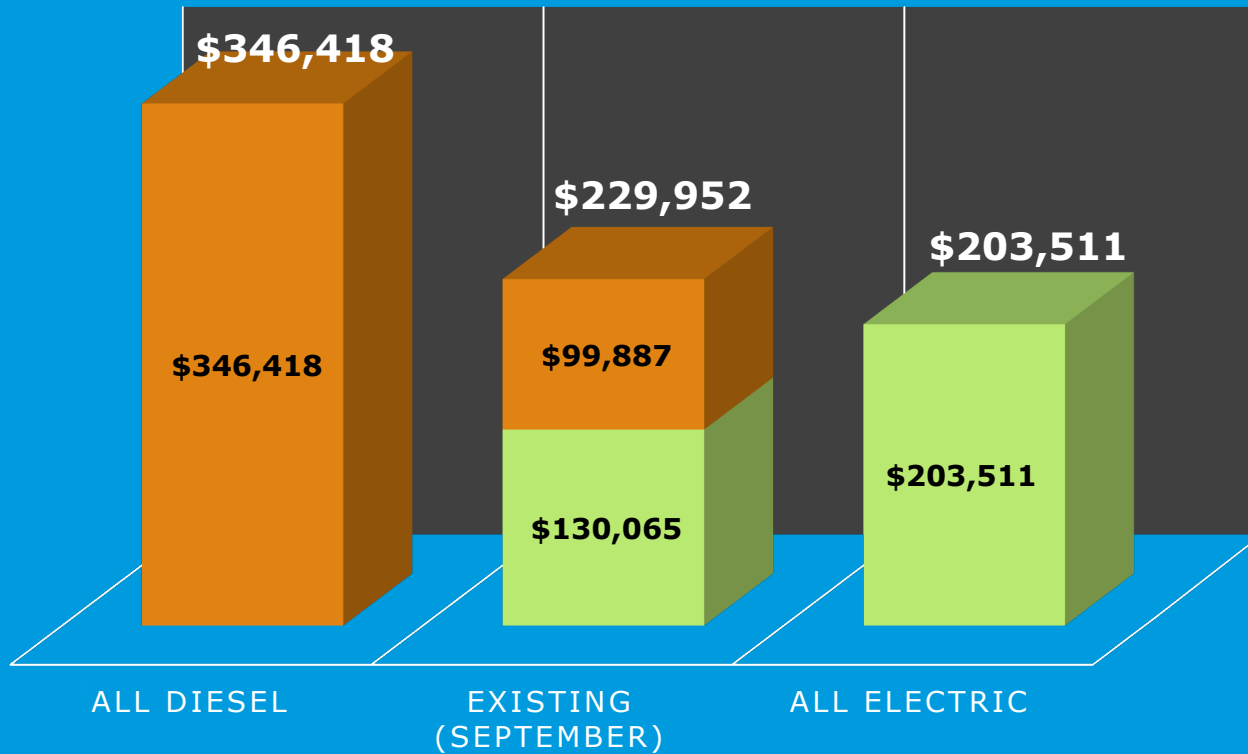


AVERAGE FUEL CONSUMPTION PER MILE (KWPM)



TOTAL FUEL & MAINTENANCE COST ASSUMPTIONS

■ Electric ■ Diesel



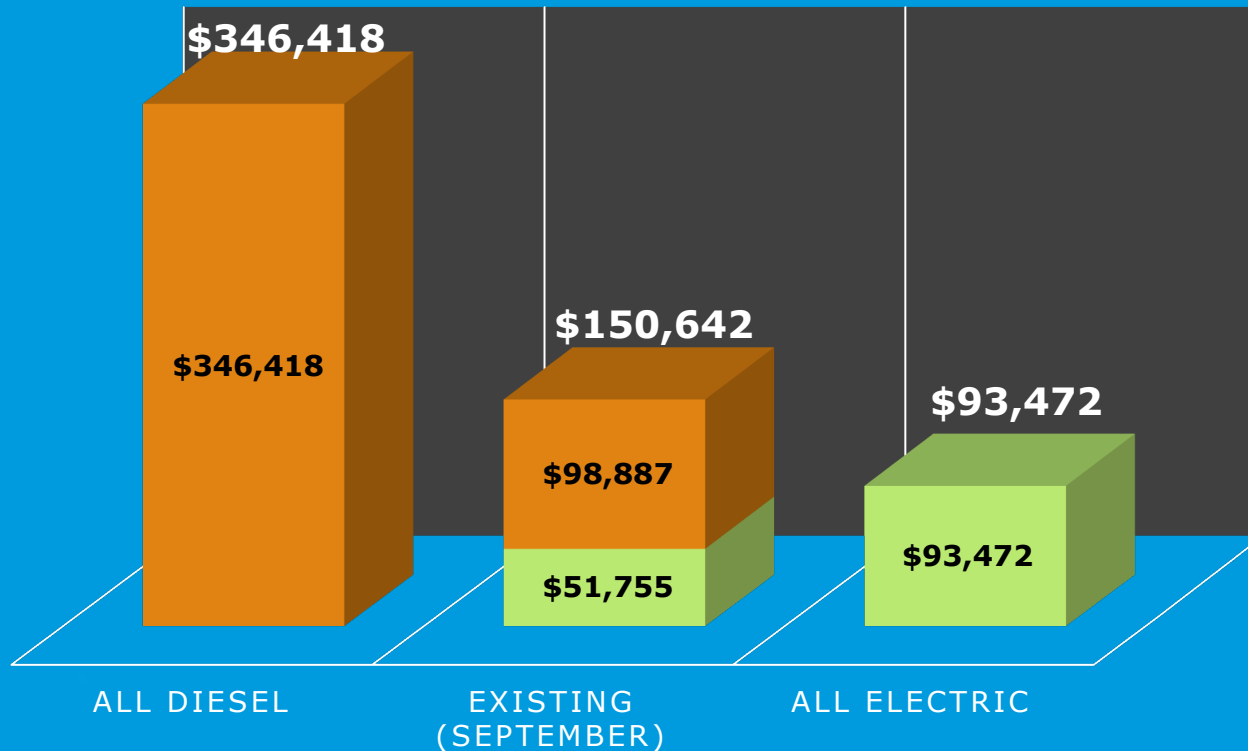
September Fuel and Maintenance Savings \$116,466

Projected Savings \$142,907

AVTA Fuel Only \$7,251

TOTAL FUEL & MAINTENANCE COST ASSUMPTIONS W/LCFS

■ Electric ■ Diesel

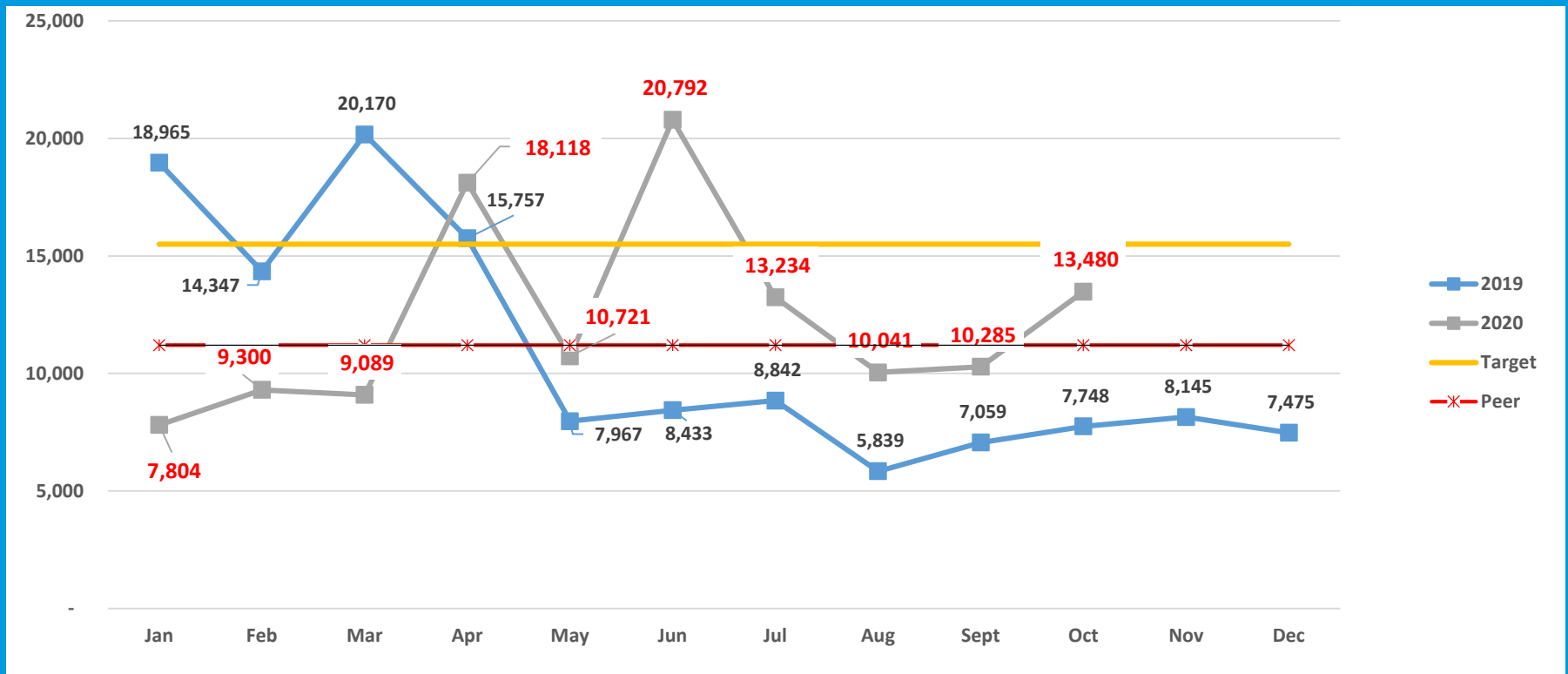


September
Total
Fuel and
Maintenance
Savings
\$195,776

AVTA Fuel
Savings plus
LCFS \$85,661

AVERAGE MILES BETWEEN SERVICE INTERRUPTIONS

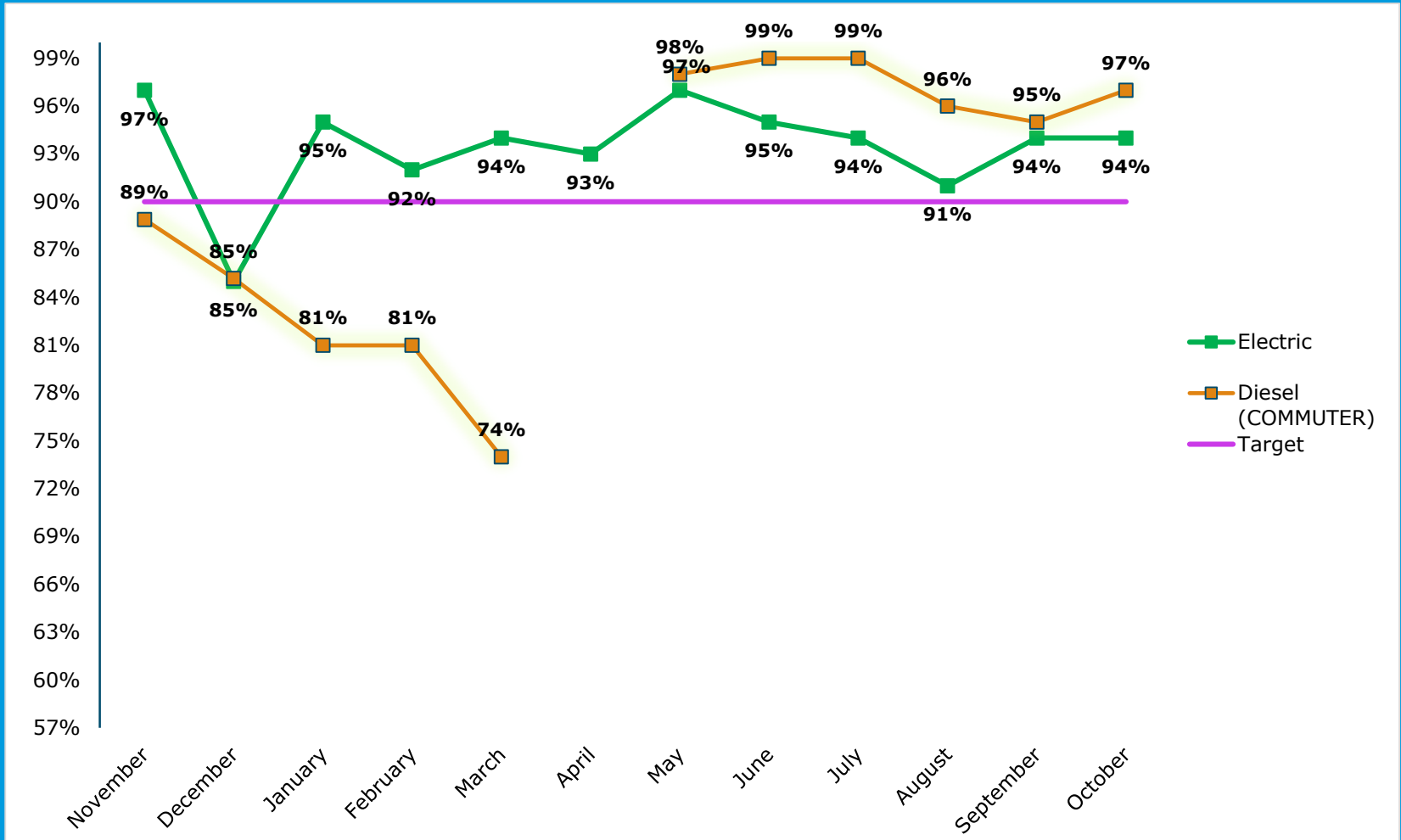
Peer Average: 11,206 Target: 15,500



FLEET AVAILABILITY

Peer Average: 77%

Target 90%



Discussion/Questions?





Regular Meeting of the Board of Directors
ONLINE ZOOM MEETING PER GOVERNOR'S ORDER N-29-20

Tuesday, October 27, 2020

10:00 a.m.

Antelope Valley Transit Authority Community Room
42210 6th Street West, Lancaster, California
www.avta.com

UNOFFICIAL MINUTES

In response to Governor's Executive Order N-29-20, the meeting was conducted via Zoom Cloud meetings.

CALL TO ORDER:

Chairman Crist called the meeting to order at 10:04 a.m.

ROLL CALL:

Present

Chairman Marvin Crist, Vice Chair Dianne Knippel, Director Steve Hofbauer, Director Michelle Flanagan, Director Richard Loa, Director Raj Malhi

APPROVAL OF AGENDA:

Motion: Approve the agenda as comprised.

Moved by Director Loa, seconded by Director Malhi

Clerk of the Board Karen Darr conducted a roll call vote and stated the motion carried unanimously.

Vote: Motion carried (6-0-0-0)

Ayes: Chairman Crist, Vice Chair Knippel, Directors Hofbauer, Flanagan, Loa, Malhi

Nays: None

Abstain: None

Absent: None

PUBLIC BUSINESS – AGENDIZED AND NON-AGENDIZED ITEMS:

Fran Sereseres – Asked about improvements to the Lancaster Metrolink Station if ridership increases. Chairman Crist responded that staff from the City of Lancaster, Metrolink and High Speed Rail are discussing possible improvements.

SPECIAL REPORTS, PRESENTATIONS, AND REQUESTS FOR DIRECTION (SRP):

SRP 1 LEGISLATIVE REPORT FOR OCTOBER

Chief Financial Officer Judy Vaccaro-Fry presented information regarding the Governor’s Executive Order directing the state to require that by 2035, all new cars and passenger trucks sold in California be zero-emission vehicles, Senate Bill (SB) 288: CEQA Exemption for Transportation-Related Projects, SB 1159: COVID-19 Critical Workers Status, 2020–2023 Investment Plan Update for the Clean Transportation Program, Surface Transportation Reauthorization Bill, Fiscal Years (FYs) 2020 and 2021 Federal Transit Administration (FTA) funding levels, HEROES Act Stimulus Bill, H.R. 3935: Protecting Patients Transportation to Care Act, H.R. 5139: Stop Sexual Assault and Harassment in Transportation Act, HR 2164: Green Bus Act of 2019, S 3373: Low or No Emission Bus Access Act of 2020, latest FTA grant opportunity, and LACMTA FY 2020/2021 proposed funding marks. Ms. Vaccaro- Fry confirmed the amount of Measure R funds the Authority receives.

SRP 2 OPERATIONS KEY PERFORMANCE INDICATORS (KPI) REPORT

Chief Operating Officer Martin Tompkins presented the report. Mr. Tompkins stated staff will provide a report on the last two years of passenger pass-ups at the November Board meeting.

SRP 3 MAINTENANCE KPI REPORT

Maintenance Compliance Manager Cecil Foust presented the report.

CONSENT CALENDAR (CC):

CC 1 BOARD OF DIRECTORS MEETING MINUTES OF SEPTEMBER 22, 2020
Approve the Board of Directors Regular Meeting Minutes of September 22, 2020.

CC 2 FINANCIAL REPORT FOR SEPTEMBER 2020
Receive and file the Financial Report for September 2020.

CC 3 FISCAL YEAR 2020/2021 (FY 2021) FIRST QUARTER LOS ANGELES COUNTY SHERIFF'S DEPARTMENT (LASD) REPORT (JULY 1 – SEPTEMBER 30, 2020)

Receive and file the FY 2021 First Quarter LASD report for the period covering July 1 through September 30, 2020.

CC 4 BOARD OF DIRECTORS MEETING CALENDAR FOR 2021

Approve the Board of Directors Meeting Calendar for 2021.

Motion: Approve the Consent Calendar.

Moved by Director Hofbauer, seconded by Vice Chair Knippel

Ms. Darr conducted a roll call vote and stated the motion carried unanimously.

Vote: Motion carried (6-0-0-0)

Ayes: Chairman Crist, Vice Chair Knippel, Directors Hofbauer, Flanagan, Loa, Malhi

Nays: None

Abstain: None

Absent: None

NEW BUSINESS (NB):

NB 1 RESOLUTION NO. 2020-010, APPROVING DEDICATING AND NAMING OF THE AVTA EMPLOYEE WELLNESS CENTER AS THE MARVIN E. CRIST WELLNESS CENTER

Executive Director/CEO Macy Neshati presented the staff report.

Motion: Adopt Resolution No. 2020-010, Approving the dedicating and naming of the newly completed AVTA Wellness Center as the Marvin E. Crist Wellness Center.

Moved by Vice Chair Knippel, seconded by Director Malhi

Ms. Darr conducted a roll call vote and stated the motion carried with five ayes and one abstention.

Vote: Motion carried (5-0-1-0)

Ayes: Vice Chair Knippel, Directors Hofbauer, Flanagan, Loa, Malhi

Nays: None

Abstain: Chairman Crist

Absent: None

REPORTS AND ANNOUNCEMENTS (RA):

RA 1 Report by the Executive Director/CEO Neshati:

- Stated *GreenBiz* published an article listing AVTA #3 in North America with the most sustainable fleet.
- Showed a presentation detailing the construction of the Marvin E. Crist Wellness Center.

MISCELLANEOUS BUSINESS – NON-AGENDA BOARD OF DIRECTORS ITEMS:

The Board thanked Mr. Neshati for dedicating and naming the Wellness Center after Chairman Crist.

ADJOURNMENT:

Chairman Crist adjourned the meeting at 10:41 a.m. to the Regular Meeting of the Board of Directors on November 24, 2020 at 10:00 a.m. in the Antelope Valley Transit Authority Community Room, 42210 6th Street West, Lancaster, CA.

PASSED, APPROVED, and ADOPTED this 24th day of NOVEMBER 2020

Marvin Crist, Chairman of the Board

ATTEST:

Karen S. Darr, Clerk of the Board

Audio recordings of the Board of Directors Meetings are maintained in accordance with state law and AVTA's Records Retention Policy. Please contact the Clerk of the Board at (661) 729-2206 to arrange to review a recording.



DATE: November 24, 2020

TO: BOARD OF DIRECTORS

SUBJECT: Financial Report for October 2020

RECOMMENDATION

That the Board of Directors receive and file the Financial Report, including Quarterly Treasurer, Capital Reserve, and Farebox Recovery information, for October 2020.

FISCAL IMPACT

	OCTOBER
PAYROLL	\$462,209
CASH DISBURSEMENTS	\$2,196,323

FY 2021 Farebox Recover Ratio

	Q1
Directly Generated Revenue	\$669,845
Operating Expenses	\$7,629,654
Farebox Recovery Ratio	8.8%

Notes: Revenue includes Farebox, Advertisements, Gain on Sale, LCFS Credits and Investment Income.

BACKGROUND

To comply with the provisions required by Sections 37202, 37208 and 6505.5 of the Government Code, the Director of Finance and Administration in conjunction with the Controller, provides a monthly payroll total and cash disbursements.

On a quarterly basis, farebox recovery ratio data and a Treasurer's Report, including capital reserve information (Attachment A), will be included as part of the financial report. The Executive Director/CEO and Treasurer certify the availability of funds.

I, Macy Neshati, Executive Director/CEO of AVTA, declare that the above information is accurate.

Prepared by:

Submitted by:

Judy Vaccaro-Fry
Chief Financial Officer

Macy Neshati
Executive Director/CEO

Attachment: A – First Quarter Treasurer's Report

ANTELOPE VALLEY TRANSIT AUTHORITY
Treasurer's Report
For the quarter ended 9/30/20

Investment Type	Description	Beginning Balance 6/30/20	Deposits & Transfers	Disbursements & Transfers	Interest	Ending Balance 9/30/20
Cash and Investments Under the Direction of the Treasurer						
	Local Agency Investment Fund (LAIF) - Capital Reserve	5,288,365			11,230	5,299,595
	Proposition 1B Restricted Fund*	639,502			82	639,584
	Mission Bank- LCTOP**	321,558		(96,879)	746	225,425
	Total Capital Reserves and Restricted Funds	6,249,424	-	(96,879)	12,058	6,164,603
	Mission Bank - Investment Op Reserves	7,500,112	2,000,000	(4,000,000)	14,883	5,514,995
	Total Operating Reserve	7,500,112	2,000,000	(4,000,000)	14,883	5,514,995
	General Account- Union Bank	4,460,938	196,838	(690,742)		3,967,035
	General Account- Mission Bank	5,282,327	18,217,832	(15,429,751)		8,070,408
	LCFS Credits- Mission Bank***	1,254,039		(1,254,039)	268	268
	Petty Cash Balance	750				750
	Operating Accounts Total	10,998,054	18,414,670	(17,374,532)	268	12,038,461
	TOTAL CASH AND INVESTMENTS	\$ 24,747,590	\$ 20,414,670	\$ (21,471,411)	\$ 27,209	\$ 23,718,059


* Deferred revenue, recorded as liability until associated expense incurred.

**Beginning Balance was adjusted to accurately reflect a reduction of \$30 of bank fees that was erroneously posted as a deposit.

*** AVTA has combined this account with the Mission Bank General Account.

I hereby certify that the investment portfolio of AVTA complies with its investment policy and the California Government Code Sections pertaining to the investment of local agency funds, Union Bank and Wells Fargo Bank. Pending any future actions by the AVTA Board or any and unforeseen occurrences, AVTA has cash flow adequate to meet its expenditure requirements for the next three months.

Prepared by:


KJ Alcuran
Controller

Submitted by:

Judy Vaccaro-Fry
Chief Finance Officer



DATE: November 24, 2020
TO: BOARD OF DIRECTORS
SUBJECT: Grant Status Report

RECOMMENDATION

That the Board of Directors receive and file the Grant Status Report (Attachment A).

FISCAL IMPACT

Grants approved after the annual budget adoption may require reallocation of funds, which will be addressed in the mid-year budget adjustment.

BACKGROUND

The attached Grant Status Report reflects the status of all grant applications submitted on behalf of the Authority through November 15, 2020.

In conjunction with UC Riverside, the Authority submitted an application to FTA's Public Transportation COVID-19 Research Demonstration Grant Program on November 2, 2020. AVTA continues to seek and pursue all viable grant opportunities.

Prepared by:

Submitted by:

Judy Vaccaro-Fry
Chief Financial Officer

Macy Neshati
Executive Director/CEO

Attachment: A – Grant Status Report

GRANT STATUS REPORT

Discretionary Opportunities Submitted

Grant Program	Project	Amount Applied For	Date Submitted	Status	Amount Awarded	Next Round of Funding
Transit & Intercity Rail Capital Program – Cap & Trade	5 Articulated Buses + 6 Microtransit Vehicles + Chargers + Network Integration	\$6,503,256	January 13, 2020	AWARDED APRIL 20, 2020	\$6,503,256	2022
FY20 Low or No Emission Vehicle Program - FTA	5 Articulated Buses + 6 Microtransit Vehicles + Chargers	\$6,253,256	March 13, 2020	AWARDED June 5, 2020	\$6,253,256	2021
FY20 Bus & Bus Facilities - FTA	Phase III - Maintenance & Administrative Facility Improvements	\$7,323,417	April 27, 2020	NO FUNDS AWARDED TO AVTA	\$0	2021
The Public Transportation COVID-19 Research Demonstration Grant Program	TRACER: Transmission Reduction for Airborne Communication of Emerging Respiratory Diseases on Public Transit	\$2,652,437	November 2, 2020	<i>Pending award announcement</i>	<i>Pending</i>	TBD
	TOTAL DISCRETIONARY OPPORTUNITIES APPLIED FOR:	\$22,732,366		TOTAL PENDING DISCRETIONARY GRANT AWARDS:	\$2,652,437	
	TOTAL DISCRETIONARY OPPORTUNITIES NOT AWARDED	\$7,323,417		TOTAL AWARDED DISCRETIONARY GRANTS:	\$12,756,512	

Annual Formula Allocations Submitted

Grant Program	Project	Amount Pending	Date Submitted	Status	Amount Awarded
CA-2020-031	Preventive Maintenance	\$2,500,000	March 1, 2020	Awarded April 6, 2020	\$2,500,000
CA-2020-049	Bus Replacement	\$2,400,000	March 20, 2020	Awarded April 28, 2020	\$2,400,000
CA-2020-052	Bus Replacement + Chargers	\$2,475,100	April 29, 2020	Awarded May 7, 2020	\$2,475,100
CARES Act – FTA Section 5307	Operating	\$47,875,609	May 12, 2020	Awarded May 26, 2020	\$47,875,609
	TOTAL ANNUAL FORMULA ALLOCATIONS PENDING:	\$0		TOTAL GRANT AWARDS:	\$55,250,709



DATE: November 24, 2020

TO: BOARD OF DIRECTORS

SUBJECT: Contract #2021-35 to Pinnacle Petroleum, Inc., for Bulk Fuel Supply and Delivery

RECOMMENDATION

That the Board of Directors authorize the Executive Director/CEO to execute Contract #2021-35 for bulk fuel supply and delivery to Pinnacle Petroleum, Inc., Huntington Beach, CA for an eighteen-month period for an estimated amount of \$850,000.

FISCAL IMPACT

Sufficient funds have been included in the FY 2020/2021 Budget and will be included in future year budgets to cover contract costs.

BACKGROUND

Since June 2005, AVTA has awarded several contracts for bulk fueling for its revenue and non-revenue fleet. The current contract will expire at the end of December 2020. Staff is requesting Board approval for an eighteen-month contract, which will allow AVTA to phase out the use of its diesel-powered buses and transition to an all battery-electric powered fleet. To this end, staff developed a new solicitation and circulated a Request for Proposals (RFP).

AVTA released a Request for Proposals (RFP) on October 12, 2020. The solicitation documents were posted to AVTA's website and advertisements were placed in the *Antelope Valley Press* and *Our Weekly Lancaster* newsletter. The local Chambers of Commerce were also notified via their respective newsletters and email lists; twenty-seven firms were notified via email with RFP instructions for downloading. Optional pre-proposal conference was held on October 20, 2020, with two firms attending. Seven firms registered and downloaded the RFP. Two addenda were issued on October 20th and 22nd, 2020.

Two proposals were submitted on November 3, 2020, in response to the RFP. Three staff members evaluated and ranked each submitted proposal on the following criteria: proposer's solution (30%), project budget (20%), similar projects (10%), proposer's information (10%), project schedule / benchmarks (10%) and personnel (20%).

Submitted proposals were received from the following firms:

Firm	Location	Total Score (300 Max)	October 27, 2020 Price Per Gallon Unleaded / Diesel
Pinnacle Petroleum, Inc.	Huntington Beach, CA	282	\$2.339 / \$1.898
Merrimac Petroleum, Inc.	Long Beach, CA	253	\$2.478 / \$2.071

Pinnacle Petroleum, Inc., Huntington Beach, CA proposal earned the highest combined score from the evaluation committee. In addition to their reasonable pricing, they provided the best overall solution for AVTA. It was obvious that their past experience gave them a clear insight into our requirements and mission. Staff is confident that Pinnacle Petroleum, Inc. will perform their duties diligently.

Prepared by:

Submitted by:

Lyle A. Block, CPPB
Procurement and Contracts Officer

Macy Neshati
Executive Director/CEO



DATE: November 24, 2020

TO: BOARD OF DIRECTORS

SUBJECT: Amend the Agency's Classification and Salary Schedule

RECOMMENDATION

That the Board of Directors approve amending the Agency's Classification and Salary Schedule to 1) add a Fleet Technical Training Manager position; 2) amend the Records Management Technician position to a Records Management Technician I/II; and 3) remove the Records Management Assistant position.

FISCAL IMPACT

The Fleet Technical Training Manager position will be established at Range 53 (Min. \$92,933 – Max. \$120,813). The Records Management Technician I/II will be established at Ranges 24 (Min. \$45,412 – Max. \$59,037) and 29 (Min. \$51,380 – Max. \$66,794) respectively. The total fiscal impact for the remainder of Fiscal Year 2020/2021 is estimated to be \$0 as the current Fleet Maintenance Manager, Records Management Technician and Records Management Assistant will be reclassified to these created positions with no rate change.

BACKGROUND

The recommendation to add a Fleet Technical Training Manager position is based on an extensive review of AVTA's maintenance plan. We have identified an area that we can enhance and fortify without impacting our current staffing. AVTA's current fleet manager is extremely knowledgeable and familiar with the electric fleet and this knowledge can be utilized and shared with all current and future technicians to ensure improved familiarity of all electric vehicles. The fleet training responsibilities will be for all current and future delivery of Original Equipment Manufacturer (OEM) Electric Vehicles.

The training curriculum will include areas such as battery drive motors, State of Charge (SOC), troubleshooting electrical wiring harnesses, facility and transit center charging systems, HVAC systems, brakes and suspensions. Additionally, this position will serve as technical advisor to our contractor(s) and outside vendors.

Amend the Agency's Classification and Salary Schedule

November 24, 2020

Page 2

The recommendation to remove the Records Management Assistant and amend the Records Management Technician position is to clarify the job duties and responsibilities. The current Fleet Manager will make a lateral move to the proposed position of Fleet Technical Training Manager; the current Records Management Technician will make a lateral move to the proposed Records Management Technician II position; and the current Records Management Assistant will make a lateral move to the Records Management Technician I position. The Fleet Maintenance Manager position will remain on the Classification and Salary schedule.

Prepared by:

Submitted by:

Martin J. Tompkins
Chief Operating Officer

Macy Neshati
Executive Director/CEO



DATE: November 24, 2020

TO: BOARD OF DIRECTORS

SUBJECT: Draft Audited Financial Statements and Single Audit Report of Federal Awards for the Year Ended June 30, 2020

RECOMMENDATION

That the Board of Directors approve the Draft Audited Financial Statements (Attachment A) and Single Audit Report of Federal Awards (Attachment B) for the Year Ended June 30, 2020.

FISCAL IMPACT

None.

BACKGROUND

Representatives from Brown Armstrong Accountancy Corporation, the Authority's external audit firm, will be in attendance at the November 24, 2020 Board meeting to present the audit results and respond to any questions or concerns.

Based on the draft results, it is anticipated there will be no exceptions to the audited financial statements, and no findings or questioned costs reported in the Single Audit Report.

As a recipient of federal, state, and local funding, the Authority is required to have an annual audit conducted by independent auditors in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. These audited financial statements are required to be completed within six months of the close of the preceding fiscal year.

On May 28, 2019, the Authority's Board of Directors awarded a contract for audit services to Brown Armstrong Accountancy Corporation, CPAs. The contract requires

Brown Armstrong to review and present the Authority's Draft Financial Statements and Single Audit Report to the Board of Directors. This is our second year working with the auditors from Brown Armstrong.

The audit expresses an opinion as to whether the financial statements prepared by management are presented fairly in all material respects and in conformity with U.S. generally accepted accounting principles.

The Finance staff prepared the supporting documentation, draft financial statements and provided the information required for the Single Audit Report. Staff provided assistance and complied in providing all information requested by the Brown Armstrong team conducting the audit fieldwork.

Brown Armstrong has issued the Draft Financial Statements with an unmodified ("clean") opinion, with no findings or questioned costs.

Prepared by:

Submitted by:

Judy Vaccaro-Fry
Chief Financial Officer

Macy Neshati
Executive Director/CEO

Attachments: A – Draft Financial Statements as of June 30, 2020 and 2019
 B – Single Audit Report on Federal Awards (June 30, 2020)

ANTELOPE VALLEY TRANSIT AUTHORITY

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

**ANTELOPE VALLEY TRANSIT AUTHORITY
JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Antelope Valley Transit Authority
Lancaster, California

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Antelope Valley Transit Authority (AVTA) as of and for the years ended June 30, 2020 and 2019, and the related notes to the basic financial statements, which collectively comprise AVTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to AVTA's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AVTA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of AVTA as of June 30, 2020 and 2019, and the respective changes in financial position, and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, California Public Employees' Retirement System – Schedule of AVTA's Proportionate Share of the Net Pension Liability and the California Public Employees' Retirement System – Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2020, on our consideration of AVTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AVTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AVTA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
_____, 2020

**ANTELOPE VALLEY TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019**

The management of the Antelope Valley Transit Authority (AVTA, Authority) offers the readers of its financial statements this narrative overview and analysis of the financial activities of AVTA for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the accompanying the basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- AVTA's cash and investments at fiscal year-end June 30, 2020 was \$22,390,573.
- Due from governments at June 30, 2020, was \$14,289,898; of this, \$7,205,140 was due from the Federal Transit Administration, \$616,313 was from the Los Angeles Metropolitan Transportation Authority, and \$6,389,672 was from the State of California.
- As of June 30, 2020, capital assets not subject to depreciation included \$1,818,616 in land value and \$12,802,607 in construction projects still in progress; capital assets being depreciated were \$114,979,657.
- Total revenues, including capital contributions, from all sources were \$50,105,637, reflecting an increase of \$6,216,361, or a 14% increase from the previous fiscal year.
- The total costs of all AVTA's transit services and projects, excluding depreciation expense, were \$33,520,517, reflecting an increase of \$8,163,514, or a 32% increase over prior fiscal year.
- The total of expenses over revenue from all non-capital sources of AVTA's transit services and projects, including depreciation expense, was (\$9,588,644). For the prior fiscal year, expenses exceeded revenues from noncapital sources by \$4,781,542.
- Member jurisdictions contributed \$2,522,697 and \$145,148 in support of transit service operations and maintenance of bus stops, respectively. Member jurisdictions further contributed a total of \$369,617 for non-operating capital reserves. These amounts were a reduction of ¼ less than previous year. Due to concerns over revenue losses, Palmdale and Lancaster halted their contributions beginning in the fourth quarter of F 2020.
- As of June 30, 2020, the net pension plan liability balance was \$1,249,556 reflecting an increase of \$177,572 from the prior year.
- AVTA's net position (the extent that assets exceeds liabilities) at the close of the fiscal year 2020 was \$99,770,927. Of this amount, \$77,919,888 reflects the net amount of funds invested in capital assets. The accumulation of restricted jurisdictional contributions to a capital reserve totals \$6,917,872. The remaining \$14,933,212 is unrestricted, and may be used to meet AVTA's ongoing financial obligations.

FINANCIAL STATEMENT OVERVIEW

The AVTA is a government funded entity that follows enterprise fund accounting and presents its financial statement on the accrual basis of accounting. The enterprise fund concept is similar to how private business enterprises are financed and operated. These statements provide a top-level view of the Authority's financial picture in a format similar to that of private-sector companies. The following reports comprise AVTA's financial statements:

Statement of Net Position. Presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, though it is important to consider other non-financial factors in accurately assessing the overall health of AVTA, such as the ridership, volatility of fuel cost, etc.

Statement of Revenues, Expenses and Changes in Net Position. The information presented in this report shows how AVTA's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Statement of Cash Flows. This report presents the sources and uses of funds of AVTA. It shows the inflow and outflow of cash from AVTA's operating activities, non-capital financing activities, capital and non-related activities, and investing activities.

Notes to the Basic Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL STATEMENT ANALYSIS

STATEMENT OF NET POSITION

Table 1 - Statements of Net Position- Year to Year Comparison

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
ASSETS			
Assets			
Capital Assets, Net	\$ 77,919,888	\$ 74,420,035	\$ 55,209,273
All Other Assets	<u>37,781,025</u>	<u>32,704,901</u>	<u>32,626,384</u>
Total Assets	<u>115,700,913</u>	<u>107,124,936</u>	<u>87,835,657</u>
Deferred Outflows of Resources			
Pension Plan Contributions and Actuarial Changes	<u>678,603</u>	<u>677,049</u>	<u>843,132</u>
Liabilities			
Current Liabilities	14,897,172	14,574,606	6,839,320
Long-term Liabilities	<u>1,661,725</u>	<u>1,413,475</u>	<u>1,361,113</u>
Total Liabilities	<u>16,558,897</u>	<u>15,988,081</u>	<u>8,200,433</u>
Deferred Inflows of Resources			
Pension Plan Assumption Differences	<u>49,692</u>	<u>54,474</u>	<u>71,796</u>
Net Position			
Net Investment in Capital Assets	77,919,888	74,420,035	55,209,273
Restricted for Capital Acquisition	6,917,827	5,517,936	6,917,826
Unrestricted	<u>14,933,212</u>	<u>11,821,459</u>	<u>18,279,461</u>
Total Net Position	<u>\$ 99,770,927</u>	<u>\$ 91,759,430</u>	<u>\$ 80,406,560</u>

Discussion of Statement of Net Position. AVTA experienced an increase in total assets from 2019 to 2020 of \$8,575,977. This is primarily due to the addition of 21 new electric buses to our fleet as well as infrastructure for electric charging. AVTA is continuing to strive towards an all-electric fleet. AVTA has succeeded in transitioning the local service fleet to all-electric in Fiscal Year 2020. The commuter service buses are due to transition to electric beginning in Fiscal Year 2021 and continuing in to Fiscal Year 2022. AVTA continues to be a leader in electric bus usage in the nation.

The implementation of GASB Statement No. 68 requires governmental employers to reflect the net pension liability, defined as the difference between the present value of projected pension benefit payments to current active and inactive employees, less the amount of the pension plan's net position (assets less liabilities). Always one year in arrears, the figures reflected in the statements of net position for the Authority's pension liability have increased due to lower market values.

Unrestricted net assets of over \$14 million are available to meet AVTA's ongoing financial obligations, and just under \$7 million in restricted net position is for the replacement of capital assets are available to serve as local match requirements for transit fleet procurement. Approximately \$230,000 of the jurisdictional capital reserve was used in fiscal 2020 toward the acquisition of electric buses. The replacement units planned for acquisition in fiscal years 2021 and beyond will make use of these capital reserve funds as AVTA replaces diesel commuter coaches with electric.

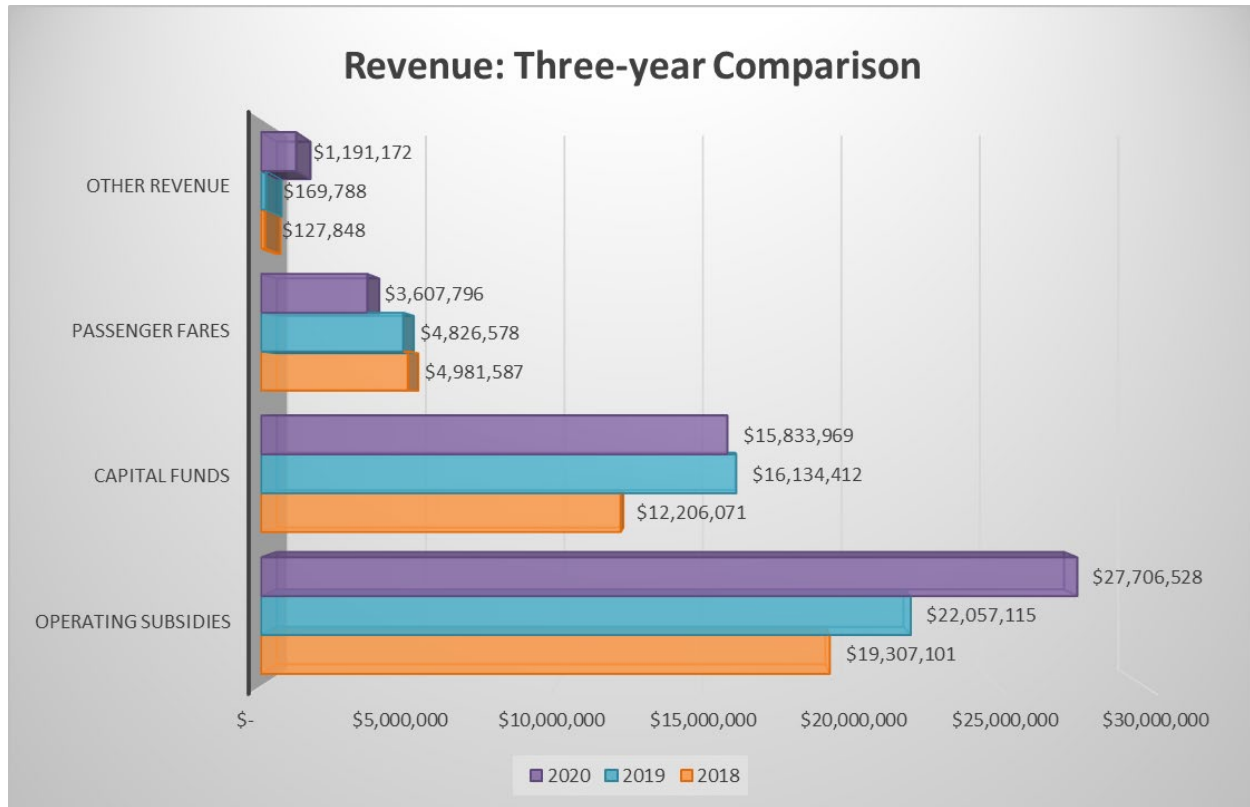
Overall, the Authority has seen an 8.7% increase in Net Position in Fiscal Year 2020. AVTA anticipates continued grant funding, primarily from the state of California, for the replacement and expansion of the local transit fleet in years to come.

REVENUE AND EXPENSES: CHANGES IN NET POSITION

Table 2 - Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Revenues			
Passenger Fares	\$ 3,607,796	\$ 4,826,578	\$ 4,981,587
Nonoperating funds	26,989,761	22,057,115	19,307,101
Capital Funds	17,600,141	16,134,412	12,206,071
Investment Income and Other Revenue	141,767	169,788	127,848
Total Revenues	<u>48,339,465</u>	<u>43,187,893</u>	<u>36,622,607</u>
Expenses			
Purchased Transportation Services			
Outside Transit Contract	18,250,614	16,860,871	16,069,098
Fuel	1,358,555	2,036,716	2,228,593
E-Bus Energy Consumption	734,243	411,704	222,115
Other Operating Costs	7,432,142	1,010,306	902,306
General and Administrative	5,744,963	5,037,406	5,156,074
Subtotal Expenses Before Depreciation	<u>33,520,517</u>	<u>25,357,003</u>	<u>24,578,186</u>
Depreciation	6,807,451	6,478,020	4,233,182
Total Expenses Including Depreciation/Interest	<u>40,327,968</u>	<u>31,835,023</u>	<u>28,811,368</u>
Change in Net Position	8,011,497	11,352,870	7,811,239
Net Position			
Beginning of Year	91,759,430	80,406,560	72,595,321
End of Year	<u>\$ 99,770,927</u>	<u>\$ 91,759,430</u>	<u>\$ 80,406,560</u>

Figure 1 – Analysis of Revenues



In the above three-year comparison, other revenue included interest income and other revenue for fiscal year 2019/20. For fiscal years 2018/19 and 2017/18, other revenue included interest income only.

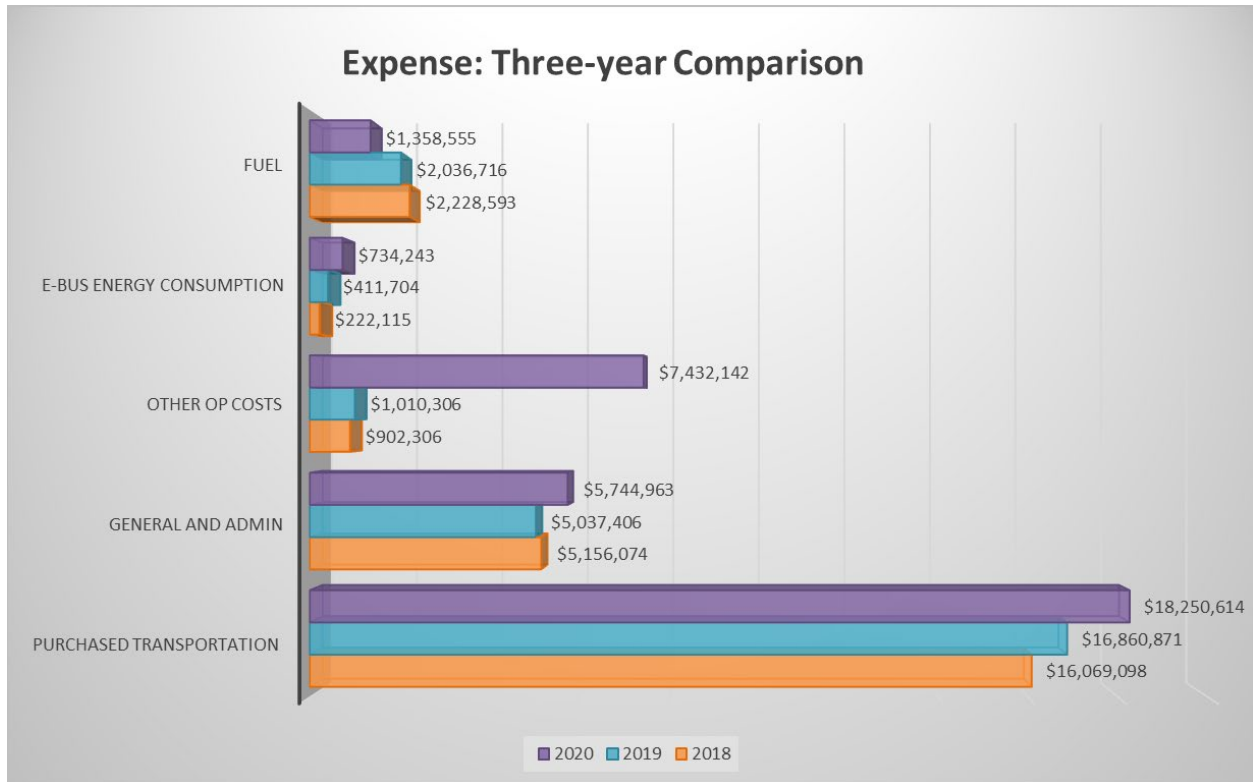
Discussion of Revenues. For the fiscal year ended June 30, 2020, AVTA's total revenues, including capital contributions, from all sources were \$48,339,465 up \$5,151,572, or almost 12% from fiscal year 2019. AVTA has begun to feel the effects of the COVID-19 pandemic. Fare revenues in fiscal year 2020 reduced by over 25% from the prior fiscal year. This is primarily due to the reduction of service AVTA deployed as a safety precaution during the months of April May and June. AVTA halted its commuter line completely during part of the last quarter as well. All services are expected to return in full capacity by the end of October 2020.

The passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act has been a vital injection of operating revenue for AVTA in fiscal 2020 and will continue to help the agency recover from revenue loss in subsequent years. The CARES act funding is the primary source of the increase in operating subsidies of over 25% when compared to the previous fiscal year.

AVTA receives significant operation funds from local taxes and Federal operating grants. In Fiscal Year 2020 AVTA received just under \$14 million in local tax funding though Los Angeles County Metro, who facilitates the distribution of Los Angeles transportation tax funds to eligible operators. Additionally, AVTA received approximately \$11 million in operational subsidies directly from the Federal Transportation Administration.

The significant increase in Other Revenue in Fiscal Year 2020 is overwhelmingly due to a new revenue source from Low Carbon Fuel Standard (LCFS) Credits. These are credits AVTA earns from using electric vehicles in the state of California. AVTA began selling these credits in Fiscal Year 2020 and has earned just over \$800 thousand this fiscal year.

Figure 2 – Analysis of Expenditures



Discussion of Expenses. AVTA’s operating expenses are reported in the following major categories: purchased transportation services, fuel, E-bus energy consumption, other operating expenses, and general and administrative expenses. The comparative level of expenditures for each operating expense category for Fiscal Year 2020, 2019 and Fiscal Year 2018 are shown in Figure 2 above.

Total operating expenses prior to depreciation in Fiscal Year 2020 were \$33,520,517. This represents a significant increase of over \$8 million dollars compared to Fiscal Year 2019 or 32%. Over \$4 million of that increase is due to a non-cash expense of loss on sale (or transfer) of assets shown in the Other Operating costs category above. In Fiscal Year 2020, AVTA transferred several buses that still had useful life to other agencies in the United States as AVTA replaced those diesel-fuel buses with electric. Therefore, AVTA had to recognize the remaining asset amounts (net of depreciation) when the assets were transferred. The diesel-fuel buses that were transferred were fully funded by federal capital grants. The Federal Transportation Administration supports and approves the transfer of buses to other federally funded transportation agencies. The other significant increase in the category of Other Operating Costs is due to increased security measures at AVTA and AVTA’s transfer centers in multiple locations within the Antelope Valley.

AVTA contracts with Transdev Transportation for fleet dispatch, field operations and maintenance of local and commuter routes. The total of purchased transportation for local and commuter in Fiscal Year 2020 is \$16,832,270. Making up 92% of the Purchased Transportation total. AVTA contracted with the IntelliRide Company for Dial-A-Ride services for the first three quarters of the year and began a new contract with Antelope Valley Transportation Services (AVTS) in the fourth quarter. The contract with AVTS for Dial-a-Ride services will introduce some cost savings to AVTA. Dial-a-Ride services comprise a total of \$1,418,344 of total Purchased Transportation. Purchased Transportation overall increased by \$1,389,743 or just over 8% due to annualized contract increases that occur January 1st of every year as well as some route changes.

Fuel in this chart is used to describe traditional fuels of diesel and unleaded. AVTA’s traditional fuel cost has continued to decrease for a third year in a row. Fiscal Year 2020 saw a decrease of over 33% or a total of \$678,161 compared to Fiscal Year 2019. For the third year in a row, AVTA has chosen to

separate the E-Bus Energy consumption as its own operating cost. This represents the electricity strictly used to propel the electric buses. Electricity used for bus propulsion has increased by \$322,539 over Fiscal Year 2019 that represents a one-year savings of over \$355 thousand by switching to electric buses.

General & administrative expenses in Fiscal Year 2020 increased \$707,577 over Fiscal Year 2019. The majority of General and administrative costs were from personnel. AVTA has increased staff to a total of 50 individuals which represents the majority of this increase.

In addition to these operating expenses, depreciation expense increased from \$6,478,020 in Fiscal Year 2019 to \$6,807,451 remaining relatively stable as AVTA removes older buses from the fleet and replaces them with new electric buses.

Analysis of Major Funds. AVTA uses fund accounting to ensure and demonstrate compliance with finance-related reporting requirements. The general fund is the chief operating fund of AVTA. The focus of the general fund is to provide information on inflows, outflows and the balances of spendable resources. Fund accounting facilitates tracking the funding and expenses associated with specific projects, required for reporting whenever federal funds are used. As of June 30, 2020, unrestricted net position was just under \$15 million, an increase of \$3,111,753 over the prior year. The biggest contributor to this increase is the influx of federal operating assistance that has allowed AVTA to keep reserves instead of deplete them. Additionally the addition of LCFS credits as a new revenue source has contributed to the continued financial health of the agency.

CAPITAL ASSETS

The details of the Authority's investment in capital assets as of June 30, 2020 and June 30, 2019 are presented in Table 3.

Table 3 – Capital Assets net of Accumulated Depreciation

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Land	\$ 1,816,616	\$ -	\$ -	\$ 1,816,616
Construction in Progress	8,852,311	4,263,001	(312,705)	12,802,607
Buildings	41,228,488	862,664	-	42,091,152
Equipment	9,973,530	42,562	-	10,016,092
Transportation Equipment	68,971,199	10,570,843	(16,669,629)	62,872,413
Total Capital Assets	130,842,144	15,739,070	(16,982,334)	129,598,880
Less Accumulated Depreciation/Amortization	(56,422,109)	(6,807,451)	11,550,568	(51,678,992)
Total Assets, Net of Depreciation/Amortization	<u>\$ 74,420,035</u>	<u>\$ 8,931,619</u>	<u>\$ (5,431,766)</u>	<u>\$ 77,919,888</u>

As of June 30, 2020, the Authority had a book value of \$77.9 million invested in capital assets. This total represents a net increase of \$3.5 million. The increase is primarily attributable to the purchase of 21 electric buses during fiscal 2020 as shown with the \$10.6 million dollar increase in assets.

Additional information concerning the Authority's capital assets can be found in Note 5 to the financial statements.

Long-Term Debt. AVTA has no direct or indirect bonded indebtedness.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Antelope Valley Transportation Authority, Lancaster, California 93534.

BASIC FINANCIAL STATEMENTS

ANTELOPE VALLEY TRANSIT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2020 AND 2019

	June 30,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 22,390,573	\$ 23,857,264
Due from Other Governments (Note 3)	14,289,898	7,731,510
Other Receivables	74,388	153,710
Inventory	522,023	404,669
Prepaid Items	504,143	557,748
Total Current Assets	37,781,025	32,704,901
NONCURRENT ASSETS		
Capital Assets, Depreciated, Net (Note 5)	77,919,888	74,420,035
Total Assets	115,700,913	107,124,936
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan Contributions and Actuarial Changes	678,603	677,049
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	14,665,190	13,389,475
Accrued Payroll	105,951	76,273
Advances on Grant Revenue		
Proposition 1B (Note 4)	60,796	1,016,174
Other Advances	9,250	45,000
Compensated Absences (Note 6)	55,985	47,684
Total Current Liabilities	14,897,172	14,574,606
NONCURRENT LIABILITIES		
Noncurrent Compensated Absences	412,169	341,491
Net Pension Liability	1,249,556	1,071,984
Total Noncurrent Liabilities	1,661,725	1,413,475
Total Liabilities	16,558,897	15,988,081
DEFERRED INFLOWS OF RESOURCES		
Pension Plan Assumption Differences	49,692	54,474
NET POSITION		
Net Investment in Capital Assets	77,919,888	74,420,035
Restricted for Capital Acquisition	6,917,827	5,517,936
Unrestricted	14,933,212	11,821,459
Total Net Position	\$ 99,770,927	\$ 91,759,430

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

ANTELOPE VALLEY TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	For the Year Ended June 30,	
	2020	2019
OPERATING REVENUES		
Charges for Services		
Passenger Fares	\$ 3,607,796	\$ 4,826,578
Total Operating Revenues	3,607,796	4,826,578
OPERATING EXPENSES		
Purchased Transportation Services		
Outside Transit Contract	18,250,614	16,860,871
Fuel	1,358,555	2,036,716
E-Bus Energy Consumption	734,243	411,704
Other Operating Costs	7,432,142	1,010,306
General and Administrative	5,744,963	5,037,406
Depreciation	6,807,451	6,478,020
Total Operating Expenses	40,327,968	31,835,023
OPERATING LOSS	(36,720,172)	(27,008,445)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	141,767	169,788
Local Operating Grants - LA Metro	13,946,677	12,192,195
Federal Operating Grants	11,092,006	6,575,745
Member Agency Contributions	2,667,845	3,308,099
Capital Related Expenses	(1,766,172)	(701,383)
Other	1,049,405	682,459
Total Nonoperating Revenues and Expenses	27,131,528	22,226,903
LOSS BEFORE CAPITAL CONTRIBUTIONS	(9,588,644)	(4,781,542)
CAPITAL CONTRIBUTIONS		
Capital Grants	17,230,524	15,673,518
Member Contributions	369,617	460,894
Total Capital Contributions	17,600,141	16,134,412
CHANGE IN NET POSITION	8,011,497	11,352,870
NET POSITION, BEGINNING OF YEAR	91,759,430	80,406,560
NET POSITION, END OF YEAR	\$ 99,770,927	\$ 91,759,430

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

**ANTELOPE VALLEY TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	For the Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 3,687,118	\$ 4,994,822
Nonoperating Miscellaneous Cash Received	1,049,405	682,459
Cash Payments to Suppliers for Goods and Services	(26,563,588)	(11,863,970)
Cash Payments to Employees for Services	(5,465,070)	(4,803,898)
NET CASH USED BY OPERATING ACTIVITIES	<u>(27,292,135)</u>	<u>(10,990,587)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants Received	25,038,683	18,767,940
Contributions Received from Member Agencies	2,667,845	3,308,099
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>27,706,528</u>	<u>22,076,039</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(15,426,365)	(26,766,053)
Proceeds from Sale of Capital Assets	5,119,061	1,077,271
Capital Grants Received	10,672,136	19,905,213
Grantable Expenses	(2,757,300)	(2,623,950)
Capital Contributions Received from Member Agencies	369,617	460,894
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,022,851)</u>	<u>(7,946,625)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	141,767	169,788
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>141,767</u>	<u>169,788</u>
NET(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,466,691)	3,308,615
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>23,857,264</u>	<u>20,548,649</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,390,573</u>	<u>\$ 23,857,264</u>

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

**ANTELOPE VALLEY TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	For the Year Ended June 30,	
	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (36,720,172)	\$ (27,008,445)
Adjustments to Net Cash Used by Operating Activities		
Depreciation	6,807,451	6,478,020
Miscellaneous Income	1,049,405	682,459
Decrease in Other Receivables	79,322	168,244
(Increase) in Inventory	(117,354)	(78,319)
(Increase) Decrease in Prepaid Items	53,605	(175,860)
(Increase) Decrease in Deferred Outflows of Resources	(1,554)	166,083
Increase in Accounts Payable	1,275,715	8,709,806
Increase in Accrued Payroll	29,678	28,040
Increase in Compensated Absences Payable	78,979	84,624
Increase (Decrease) in Net Pension Liability	177,572	(27,917)
(Decrease) in Deferred Inflows of Resources	(4,782)	(17,322)
NET CASH USED BY OPERATING ACTIVITIES	\$ (27,292,135)	\$ (10,990,587)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

There were no noncash investing, capital, or financing activities during the years ended June 30, 2020 and 2019.

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

**ANTELOPE VALLEY TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Antelope Valley Transit Authority (AVTA) is located in southern California approximately 70 miles northeast of Los Angeles. AVTA was formed to provide and administer public transportation services in the Antelope Valley, including local passenger bus service, a commuter bus service, and a Paratransit service.

AVTA is a public entity organized on July 1, 1992, pursuant to Section 6506 of the Government Code of the State of California. AVTA is governed by a Joint Powers Agreement (JPA) whose members consist of the County of Los Angeles (a political subdivision of the State of California), the City of Palmdale, and the City of Lancaster (each a municipal corporation of the State of California). The JPA provides a cost sharing agreement among its members who jointly fund their jurisdictional share of transportation services provided to the Antelope Valley. AVTA operates under a Board of Directors/Manager form of government, with the Board of Directors (the Board) being comprised of two directors appointed from each participating member's jurisdiction.

AVTA accounts for its financial transactions in accordance with the policies and procedures of the State of California - Uniform System of Accounts for Special Districts. The accounting policies of AVTA conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

AVTA, for financial purposes, includes all operations of AVTA. The Board has governance responsibilities over all activities related to AVTA. AVTA receives funding from local, county, state, and federal government sources and must comply with requirements of these entities.

B. Basic Financial Statements

The basic financial statements (i.e., the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows) report information on all of the enterprise activities of AVTA. These basic financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related standards; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

AVTA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal operations. The principal operating revenues of AVTA consist of transit fees. Nonoperating revenues consist of federal, state, and county operating grants; investment income; and jurisdictional member contributions designated for use for operating and capital purposes. Operating expenses include outside transit contracts, which provide transportation and maintenance services; fuel expenses; administrative expenses; and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

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

D. Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of nine months or less.

E. Investments

All investments are stated at fair value. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and Agency Obligations. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investment income, including changes in fair value, is included in nonoperating revenues.

F. Budgetary Information

Although AVTA prepares and approves an annual budget, budgetary information is not presented because AVTA is not required to present a budget.

G. Inventory and Prepaid Items

Inventory consists of fuel in storage held for consumption and parts used for the maintenance of transportation equipment and facilities and is valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the accompanying basic financial statements.

H. Capital Assets

It is AVTA's policy to capitalize all capital assets with a cost of more than \$5,000. Depreciation of all exhaustible property, plant, and equipment used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Transportation equipment	3-12
Vehicles	4-6
Buildings	34
Computer equipment	3
Furniture and fixtures	3-10
Equipment – other	3-12

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Federal, State, and Local Grants

Federal, state, and local governments have made various grants available to AVTA for operating assistance and acquisition of capital assets. Grants for operating assistance, or for the acquisition of equipment or other capital outlays, are not formally recognized as revenue until the grant becomes a valid receivable. This occurs as a result of AVTA complying with appropriate grant requirements. Operating assistance grants are included in nonoperating revenues in the year in which the grant is applicable. Revenues earned under capital grants are included in capital contributions when the related expenses are incurred.

J. Compensated Absences

It is AVTA's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Upon termination, an employee will be paid for any unused vacation. Sick leave is payable when an employee is unable to work because of illness. Upon termination, AVTA employees are not paid for unused sick pay. Accumulated unpaid vacation and sick leave pay is recorded as an expense and a liability at the time the benefit is earned.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of AVTA's California Public Employees' Retirement System (CalPERS) pension plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Deferred Outflows of Resources

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources. This separate financial statement section represents a disposition of net position that applies to future periods and will not be recognized as expense until that time.

M. Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate financial statement section represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

N. Net Position

In the Statements of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Use of Estimates

The preparation of the accompanying basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses, as well as to make disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The principal area requiring the use of estimates includes the determination of the useful lives of capital assets and assumptions utilized in the actuarially determined net pension plan liability.

P. New Accounting Pronouncements – Implemented

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance.* The requirements of this statement were effective immediately upon issuance in May 2020. This pronouncement delayed the effective date of several future GASB statements. There was no other effect on AVTA's accounting and financial reporting as a result of implementing this standard.

Q. Future GASB Statements

GASB Statement No. 84 – *Fiduciary Activities.* The requirements of this statement were originally effective for periods beginning after December 15, 2018. GASB Statement No. 95 delayed the effective date to December 15, 2019. AVTA will implement GASB Statement No. 84 if and where applicable.

GASB Statement No. 87 – *Leases.* The requirements of this statement were originally effective for periods beginning after December 15, 2019. GASB Statement No. 95 delayed the effective date to June 15, 2021. AVTA will implement GASB Statement No. 87 if and where applicable.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period.* The requirements of this statement were originally effective for periods beginning after December 15, 2019. GASB Statement No. 95 delayed the effective date to December 15, 2020. AVTA will implement GASB Statement No. 89 if and where applicable.

GASB Statement No. 90 – *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61.* The requirements of this statement were originally effective for periods beginning after December 15, 2018. GASB Statement No. 95 delayed the effective date to December 15, 2019. AVTA will implement GASB Statement No. 90 if and where applicable.

GASB Statement No. 91 – *Conduit Debt Obligations.* The requirements of this statement were originally effective for periods beginning after December 15, 2020. GASB Statement No. 95 delayed the effective date to December 15, 2021. AVTA will implement GASB Statement No. 91 if and where applicable.

GASB Statement No. 92 – *Omnibus 2020.* The requirements of this statement were originally effective for periods beginning after June 15, 2020. GASB Statement No. 95 delayed the effective date to June 15, 2021. AVTA will implement GASB Statement No. 92 if and where applicable.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates.* The requirements of this statement were originally effective for periods beginning after June 15, 2020. GASB Statement No. 95 delayed the effective date to June 15, 2021. AVTA will implement GASB Statement No. 93 if and where applicable.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The requirements of this statement are effective for periods beginning after June 15, 2022. AVTA will implement GASB Statement No. 94 if and where applicable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Q. Future GASB Statements (Continued)

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for periods beginning after June 15, 2022. AVTA will implement GASB Statement No. 96 if and where applicable.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this statement are effective for periods beginning after June 15, 2021. AVTA will implement GASB Statement No. 97 if and where applicable.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2020 and 2019, consisted of the following:

	June 30,	
	2020	2019
Cash on hand	\$ 938	\$ 750
Deposits with financial Institutions	9,601,086	16,472,545
Investments	12,788,549	7,383,969
 Total Cash and Cash Equivalents	 \$ 22,390,573	 \$ 23,857,264

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

The table below identifies the investment types that are authorized for AVTA by the California Government Code (or AVTA's investment policy, whichever is more restrictive). The table also identifies certain provisions of the California Government Code (or AVTA's investment policy, whichever is 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 trustee that are governed by the provisions of debt agreements of the RTA, rather than the general provisions of the California Government Code or the AVTA's investment policy.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	No	N/A	N/A	N/A
U.S. Treasury Obligations	Yes	1 year	50%	None
U.S. Agency Securities	No	N/A	N/A	N/A
Bankers' Acceptances	Yes	180 days	15%	30%
Commercial Paper	Yes	180 days	10%	10%
Negotiable Certificates of Deposit	Yes	1 year	25-50%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	No	N/A	N/A	N/A
Mutual Funds	No	N/A	N/A	N/A
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-Through Securities	No	N/A	N/A	N/A
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None

* Based on State law requirements or investment policy requirements, whichever is more restrictive.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or AVTA's investment policy. AVTA did not have any investments held by bond trustees as of June 30, 2020 and 2019.

Disclosures Relating to Interest Risk

Interest rate risk arises for investments depending how sensitive the absolute level of interest rate is. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair value of AVTA's investments to market interest rate fluctuations is provided by the following table that shows the distribution of AVTA's investments by maturity as of June 30, 2020 and 2019:

Investment Type	Total	Remaining Maturity (in Months)
		12 Months or Less
2020		
Local Agency Investment Fund (LAIF)	\$ 5,288,364	\$ 5,288,364
Money Market Fund	73	73
Total	\$ 5,288,437	\$ 5,288,437
2019		
Local Agency Investment Fund (LAIF)	\$ 5,517,936	\$ 5,517,936
Money Market Fund	1,866,033	1,866,033
Total	\$ 7,383,969	\$ 7,383,969

Funds invested with the State Treasurer's LAIF may have maturities longer than 90 days; however, LAIF functions as a demand deposit account. Therefore, AVTA considers LAIF as cash equivalents.

AVTA's money market fund is highly liquid and, therefore, considered as cash equivalents. As of June 30, 2020, the money market fund makes up approximately 0.00% of AVTA's portfolio, which is below AVTA's investment policy of 15% maximum limit. As of June 30, 2019, the money market fund makes up approximately 16.3% of AVTA's portfolio, which exceeds AVTA's investment policy of 15% maximum limit.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2020 and 2019, AVTA did not have any investments whose fair values are highly sensitive to interest rate fluctuations.

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 that investment. This is measured by the assignment of a nationally recognized statistical rating organization. LAIF and the money market do not have a rating provided by a nationally recognized statistical rating organization.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude to AVTA's investment in a single issue or instrument. AVTA's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2020 and 2019, except for its investments in LAIF and Wells Fargo Bank, AVTA did not have any investments in any one issuer that represented 5% or more of its total investment portfolio.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and AVTA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investment, other than for 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% of the total amount deposited by the local government unit. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

AVTA is a voluntary participant in the California State Treasurer's LAIF. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of AVTA's investment in this pool is reported in the accompanying basic financial statements at amounts based upon AVTA'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, and is recorded on an amortized cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes. LAIF is not rated by a recognized statistical rating organization.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Federal Grants	\$ 7,205,140	\$ 2,526,612
State Grants	6,389,672	3,019,811
Local Grants - MTA	616,313	2,142,087
Operating Contribution		
City of Lancaster	-	20,250
City of Palmdale	-	17,250
LA County	1,250	
Other	77,523	5,500
	<u>\$ 14,289,898</u>	<u>\$ 7,731,510</u>

NOTE 4 – ADVANCES

The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Fund is a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of \$19.9 billion was deposited into the PTMISEA Fund, \$3.6 billion of which was made available to fund grants to project sponsors in California for approved eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement. It is AVTA's practice to record as unearned revenue any funds received prior to the incurrence of eligible expenses. PTMISEA activity during the years ended June 30, 2020 and 2019, was as follows:

Unspent PTMISEA Cash Receipts as of June 30, 2018	\$ 2,023,011
PTMISEA Funds Received During the Year Ended June 30, 2019	915,662
PTMISEA Expenses Incurred During the Year Ended June 30, 2019	<u>(1,922,499)</u>
Unspent PTMISEA Cash Receipts as of June 30, 2019	1,016,174
PTMISEA Funds Received During the Year Ended June 30, 2020	-
PTMISEA Expenses Incurred During the Year Ended June 30, 2020	<u>(955,378)</u>
Unspent PTMISEA Cash Receipts as of June 30, 2020	<u><u>\$ 60,796</u></u>

NOTE 5 – CAPITAL ASSETS

A schedule of changes in capital assets for the years ended June 30, 2020 and 2019, are shown below.

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020
Capital Assets, Not Being Depreciated:				
Land	\$ 1,816,616	\$ -	\$ -	\$ 1,816,616
Construction-in-Progress	8,852,311	4,263,001	(312,705)	12,802,607
Total Capital Assets, Not Being Depreciated	<u>10,668,927</u>	<u>4,263,001</u>	<u>(312,705)</u>	<u>14,619,223</u>
Capital Assets Being Depreciated:				
Buildings	41,228,488	862,664	-	42,091,152
Equipment	9,973,530	42,562	-	10,016,092
Transportation Equipment	68,971,199	10,570,843	(16,669,629)	62,872,413
Total Capital Assets, Being Depreciated	<u>120,173,217</u>	<u>11,476,069</u>	<u>(16,669,629)</u>	<u>114,979,657</u>
Less Accumulated Depreciation:				
Buildings	(12,625,045)	(1,661,636)	-	(14,286,681)
Equipment	(9,054,183)	(632,712)	-	(9,686,895)
Transportation Equipment	(34,742,881)	(4,513,103)	11,550,568	(27,705,416)
Total Accumulated Depreciation	<u>(56,422,109)</u>	<u>(6,807,451)</u>	<u>11,550,568</u>	<u>(51,678,992)</u>
Total Capital Assets, Being Depreciated, Net	<u>63,751,108</u>	<u>4,668,618</u>	<u>(5,119,061)</u>	<u>63,300,665</u>
Capital Assets, Net	<u><u>\$ 74,420,035</u></u>	<u><u>\$ 8,931,619</u></u>	<u><u>\$ (5,431,766)</u></u>	<u><u>\$ 77,919,888</u></u>

Depreciation expense for the year ended June 30, 2020, was \$6,807,451.

NOTE 5 – CAPITAL ASSETS (Continued)

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019
Capital Assets, Not Being Depreciated:				
Land	\$ 1,816,616	\$ -	\$ -	\$ 1,816,616
Construction-in-Progress	6,286,281	3,637,388	(1,071,358)	8,852,311
Total Capital Assets, Not Being Depreciated	8,102,897	3,637,388	(1,071,358)	10,668,927
Capital Assets Being Depreciated:				
Buildings	40,257,195	971,293	-	41,228,488
Equipment	12,162,999	121,522	(2,310,991)	9,973,530
Transportation Equipment	47,779,996	22,035,850	(844,647)	68,971,199
Total Capital Assets, Being Depreciated	100,200,190	23,128,665	(3,155,638)	120,173,217
Less Accumulated Depreciation:				
Buildings	(11,021,897)	(1,603,148)	-	(12,625,045)
Equipment	(10,733,459)	(625,802)	2,305,078	(9,054,183)
Transportation Equipment	(31,338,458)	(4,249,070)	844,647	(34,742,881)
Total Accumulated Depreciation	(53,093,814)	(6,478,020)	3,149,725	(56,422,109)
Total Capital Assets, Being Depreciated, Net	47,106,376	16,650,645	(5,913)	63,751,108
Capital Assets, Net	\$ 55,209,273	\$ 20,288,033	\$ (1,077,271)	\$ 74,420,035

Depreciation expense for the year ended June 30, 2019, was \$6,478,020.

NOTE 6 – LONG-TERM DEBT

A schedule of changes in long-term debt for the years ended June 30, 2020 and 2019, are shown below:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020	Amount Due Within One Year
Compensated Absences	\$ 389,175	\$ 323,967	\$ 244,988	\$ 468,154	\$ 55,985
Net Pension Liability	1,071,984	177,572	-	1,249,556	-
Total	\$ 1,461,159	\$ 501,539	\$ 244,988	\$ 1,717,710	\$ 55,985
	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Amount Due Within One Year
Compensated Absences	\$ 304,551	\$ 436,858	\$ 352,234	\$ 389,175	\$ 47,684
Net Pension Liability	1,099,907	-	27,923	1,071,984	-
	\$ 1,404,458	\$ 436,858	\$ 380,157	\$ 1,461,159	\$ 47,684

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CalPERS)

General Information about the Pension Plan

Plan Description – All qualified employees are eligible to participate in AVTA’s Miscellaneous Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and AVTA resolution. CalPERS issues publicly available reports that include a full description of the Plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013, that are considered new members as defined by the Public Employees’ Pension Reform Act (PEPRA) are participating in the PEPRA Miscellaneous Plan.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments (COLA), and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited services. Members with five years of total service are eligible to retire at age 55 or 62 if in the PEPRA Miscellaneous Plan with statutorily benefits. An optional benefit regarding sick leave was adopted. All members are eligible for non-duty disability benefits after 10 years of service. The system also provides for the Optional Settlement 2W Death Benefit. The COLAs for the Plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Prior to January 1, 2013 (Classic Members)	On or after January 1, 2013 (PEPRA Members)
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Retirement age monthly benefits as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	9.68%	6.99%

The Plan’s provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Prior to January 1, 2013 (Classic Members)	On or after January 1, 2013 (PEPRA Members)
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Retirement age monthly benefits as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	8.89%	6.84%

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)

General Information about the Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. AVTA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2020 and 2019, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Miscellaneous Classic	\$ 213,200	\$ 175,933
Miscellaneous PEPRA	<u>113,968</u>	<u>88,645</u>
	<u>\$ 327,168</u>	<u>\$ 264,578</u>

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

AVTA’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. As of June 30, 2020 and 2019, AVTA reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of the Net Pension Liability</u>	
	<u>For the Year Ended June 30, 2020</u>	<u>For the Year Ended June 30, 2019</u>
Miscellaneous	\$ 1,249,556	\$ 1,071,984

For the years ended June 30, 2020 and 2019, the net pension liability of the Plan is measured as of June 30, 2019 and 2018, using an annual actuarial valuation as of June 30, 2018 and 2017, rolled forward to June 30, 2019 and 2018, using standard update procedures.

AVTA’s proportion of the net pension liability was based on a projection of its long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. AVTA’s proportionate share of the net pension liability for the Plan with an actuarial valuation date of June 30, 2019 and 2018, was as follows:

	<u>For the Year Ended June 30, 2020</u>		<u>For the Year Ended June 30, 2019</u>
	<u>Miscellaneous</u>		<u>Miscellaneous</u>
Proportion - June 30, 2019	0.01112%	Proportion - June 30, 2018	0.01109%
Proportion - June 30, 2020	<u>0.01219%</u>	Proportion - June 30, 2019	<u>0.01112%</u>
Change - Increase (Decrease)	<u>-0.00107%</u>	Change - Increase (Decrease)	<u>-0.00003%</u>

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued)

For the years ended June 30, 2020 and 2019, AVTA recognized pension expense of \$498,404 and \$385,422, respectively. At June 30, 2020 and 2019, AVTA reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

2020	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 86,787	\$ (6,724)
Changes of Assumptions	59,585	(21,122)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(21,846)
Change in Employer's Proportion	168,343	-
Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	36,720	-
Pension Contributions Subsequent to Measurement Date	<u>327,168</u>	<u>-</u>
	<u>\$ 678,603</u>	<u>\$ (49,692)</u>
2019	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 41,130	\$ (13,997)
Changes of Assumptions	122,209	(29,951)
Net Difference Between Projected and Actual Earnings on Plan Investments	5,300	-
Change in Employer's Proportion	185,557	(10,526)
Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	58,275	-
Pension Contributions Subsequent to Measurement Date	<u>264,578</u>	<u>-</u>
	<u>\$ 677,049</u>	<u>\$ (54,474)</u>

\$327,168 reported as deferred outflows of resources related to pensions are related to contributions made by AVTA subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources will be amortized into pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2021	\$ 213,974
2022	50,282
2023	33,072
2024	4,415
2025	-
Thereafter	<u>-</u>
	<u>\$ 301,743</u>

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions:

	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019
	Miscellaneous	Miscellaneous
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return	7.15% net of investment and administrative expenses	7.50% net of investment and administrative expenses
Mortality Tables	Derived using CalPERS' Membership Data for all Funds. The mortality rates include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries	Derived from CalPERS' membership data
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The actuarial assumptions used for the June 30, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality, and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

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

2020			
Asset Class	Target Allocation	Current Target Allocation	Current Target Allocation
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued)

2019	Target Allocation	Current Target Allocation	Current Target Allocation
Asset Class	Allocation	Allocation	Allocation
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	0.5%	0.00%	-0.92%
Total	<u>100%</u>		

Discount Rate – The discount rate used to measure the total pension liability for June 30, 2020 and 2019, was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents AVTA’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as AVTA’s proportionate share of the net pension liability if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Miscellaneous Plan For the Year Ended June 30, 2020		Miscellaneous Plan For the Year Ended June 30, 2019	
1% Decrease	6.15%	1% Decrease	6.15%
Net Pension Liability	\$ 2,227,287	Net Pension Liability	\$ 1,939,098
Current Discount Rate	7.15%	Current Discount Rate	7.15%
Net Pension Liability	\$ 1,249,556	Net Pension Liability	\$ 1,071,984
1% Increase	8.15%	1% Increase	8.15%
Net Pension Liability	\$ 442,508	Net Pension Liability	\$ 356,195

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 8 – RISK MANAGEMENT

AVTA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and natural disasters. AVTA protects itself against such losses by a balanced program of risk retention, risk transfers, and the purchase of commercial insurance. Loss exposures retained by AVTA are treated as normal expenditures and include any loss contingency not covered by AVTA’s purchased insurance policies.

NOTE 8 – RISK MANAGEMENT (Continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. AVTA maintains workers' compensation insurance policies covering claims up to \$5,000,000. An excess coverage insurance policy covers individual claims in excess of \$5,000,000. AVTA does not have any liabilities for unpaid claims as of June 30, 2020. Settled claims have not exceeded insurance coverage limits during the years ended June 30, 2020 and 2019.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Litigation

AVTA contracts its transportation services. As part of this contract, the contractor operates and maintains all vehicles. The contract provides that the operator indemnify AVTA for all claims and litigation relating to the operation of AVTA vehicles. While AVTA has been named in several matters of litigation, the contract operator is responsible for defense and payment of any unfavorable settlement.

AVTA is subject to various legal proceedings and claims arising in the ordinary course of its business. While the ultimate outcome of these matters is difficult to predict, management believes that the ultimate resolution of these matters will not have a material adverse effect on AVTA's financial position or activities.

B. Federal, State, and Local Grants

AVTA receives federal, state, and county funds for specific purposes that are subject to audit by the granting agencies. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on AVTA's financial position or changes in financial position.

C. Purchase Contracts

AVTA has the following significant purchase commitments outstanding as of June 30, 2020. These purchase orders are for future buses AVTA has yet to receive as of June 30, 2020. The commitment with BYD Motores, Inc. was cancelled prior to year-end and AVTA contracted with MCI for additional buses.

<u>Vendor</u>	<u>Project</u>	<u>Amount</u>	<u>Expected Completion</u>
BYD Motores, Inc. (BYD)	Electric Bus Fleet	\$ 14,297,956	End of Fiscal Year 2022
Motor Coach Industries (MCI)	Electric Bus Fleet	\$ 30,768,090	End of Fiscal Year 2022

NOTE 10 – SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. In response, the County, followed by the Governor of California, issued a Shelter at Home order effective March 19, 2020, requiring certain non-essential businesses to temporarily close to the public. At the current time, management is unable to quantify the potential effects of this pandemic on its future financial statements

Subsequent events have been evaluated through _____, 2020, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**ANTELOPE VALLEY TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVTA'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2020
LAST 10 YEARS***

	2020	2019	2018	2017	2016	2015
Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the Net Pension Liability	0.01219%	0.01112%	0.01109%	0.01018%	0.00916%	0.01027%
Proportionate Share of the Net Position Liability	\$ 1,249,556	\$ 1,071,984	\$ 1,099,901	\$ 880,874	\$ 629,016	\$ 639,229
Covered Payroll	\$ 2,685,150	\$ 2,570,443	\$ 2,548,087	\$ 2,602,471	\$ 2,473,677	\$ 2,304,600
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	46.54%	41.70%	43.17%	33.85%	25.43%	27.74%
Plan's Fiduciary Net Position	\$ 6,019,653	\$ 5,338,209	\$ 4,678,869	\$ 4,001,269	\$ 3,563,767	\$ 3,127,307
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.26%	73.31%	74.06%	78.40%	83.03%

* Fiscal year 2015 was the 1st year of implementation; therefore, only six years are shown.

Notes to Schedule:

Benefit changes: There have been no benefit changes.

**ANTELOPE VALLEY TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2020
LAST 10 YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 327,168	\$ 264,578	\$ 235,194	\$ 226,757	\$ 208,456	\$ 405,595
Contributions in Relation to the Actuarially Determined Contributions	<u>327,168</u>	<u>264,578</u>	<u>235,194</u>	<u>226,757</u>	<u>208,456</u>	<u>405,595</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,685,150	\$ 2,570,443	\$ 2,548,087	\$ 2,602,471	\$ 2,473,677	\$ 2,304,600
Contributions as a Percentage of Covered Payroll	12.18%	10.29%	9.23%	-8.71%	-8.43%	-17.60%

* Fiscal year 2015 was the 1st year of implementation; therefore, only six years are shown.

ANTELOPE VALLEY TRANSIT AUTHORITY

SINGLE AUDIT REPORT

JUNE 30, 2020

ANTELOPE VALLEY TRANSIT AUTHORITY

JUNE 30, 2020

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Antelope Valley Transit Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Antelope Valley Transit Authority (AVTA), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise AVTA's basic financial statements, and have issued our report thereon dated [REDACTED], 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the AVTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the AVTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the RTA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the RTA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AVTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AVTA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
, 2020

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Directors
Antelope Valley Transit Authority
Lancaster, California

Report on Compliance with Transportation Development Act Requirements

We have audited the Antelope Valley Transit Authority (AVTA) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by AVTA were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Santa Barbara County Association of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of AVTA's compliance requirements referred to in Section 6667, which requires that for a transit claimant, the independent auditor will perform at least the following tasks:

- a) Determine whether the claimant was an entity eligible to receive the funds allocated to it,
- b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99234,
- c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5 and 99277 for Article 4.5 claimants; and Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract, and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000,
- d) Determine whether the funds received by the claimants pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation-planning agency and in compliance with the allocation instructions and resolutions,
- e) Determine whether interest earned on funds received by the claimant, pursuant to the TDA were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, 99301.6,

- f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5 and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2,
- g) Verify the amount of the claimant's actual fare revenues for the fiscal year,
- h) Verify the amount of the claimant's actual local support for the fiscal year,
- i) Verify the amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649,
- j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with Section 6633.1,
- k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, 99273,
- l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251,
- m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7, and
- n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5. Compliance with the requirements referred to above is the responsibility of AVTA's management. Our responsibility is to express an opinion on AVTA's compliance based on our audit.

Opinion on Transportation Development Act Compliance

In our opinion, AVTA complied, in all material respects, with the compliance requirements referred to above that are applicable to AVTA for the year ended June 30, 2020.

Report on Public Transportation Modernization Improvement and Service Enhancement Account

Also, as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 (Proposition 1B). Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). Additionally, Section 8879.23 (h) directs that \$1 billion dollars be deposited in the Transit System Safety, Security and Disaster Response Account. This section further directs that \$100 million dollars be made available upon appropriation by the legislature to entities for eligible transit system safety, security and disaster response projects (OHS). These funds are available to the California Department of Transportation for intercity rail projects and to transit operations in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.


As of June 30, 2020, all Proposition 1B funds received and expended were verified in the course of our current and previous audits as follows:

Unspent funds as of June 30, 2019	\$ 1,016,174
Funds received	-
Expenses incurred	<u>(955,378)</u>
 Unspent funds as of June 30, 2020	 <u>\$ 60,796</u>

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of AVTA's compliance with the applicable bond act and state accounting requirements.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Antelope Valley Transit Authority

Report on Compliance for Each Major Federal Program

We have audited the Antelope Valley Transit Authority's (AVTA) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of AVTA's major federal programs for the year ended June 30, 2020. AVTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the AVTA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 RTA'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 on compliance for each major federal program. However, our audit does not provide a legal determination of AVTA's compliance.

Opinion on Each Major Federal Program

In our opinion, AVTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the AVTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the AVTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the AVTA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of AVTA as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise AVTA's basic financial statements. We issued our report thereon dated [REDACTED], 2020, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
[REDACTED], 2020

FINANCIAL STATEMENTS

**ANTELOPE VALLEY TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Grant Number	Passed Through to Subrecipients	Federal Portion of Eligible Expenditures
U.S. Department of Transportation				
Direct Assistance				
Federal Transit Cluster				
Federal Transit – Formula Grants	20.507	CA-90-Y799	\$ -	\$ 32,754
Federal Transit – Formula Grants	20.507	CA-90-Y968	-	402,307
Federal Transit – Formula Grants	20.507	CA-90-Z129	-	361,599
Federal Transit – Formula Grants	20.507	CA-90-063	-	35,708
Federal Transit – Formula Grants	20.507	CA-2019-108	-	71,825
Federal Transit – Formula Grants	20.507	CA-90-111	-	105,077
Federal Transit – Formula Grants	20.507	FTA 5307	-	6,398,643
Federal Transit – Formula Grants	20.507	123	-	2,312,250
Federal Transit – Formula Grants	20.507	CA 2020-049	-	590,322
Federal Transit – Formula Grants	20.507	CARES ACT	-	4,507,392
Total Federal Transit Cluster			-	14,817,877
Pass-Through Assistance from				
Los Angeles County Metropolitan				
Transportation Authority				
Job Access Reverse Commute Grant	20.516		-	76,746
Total Expenditures of Federal Awards			\$ -	\$ 14,894,623

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

**ANTELOPE VALLEY TRANSIT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Antelope Valley Transit Authority (AVTA) that are reimbursable under programs of federal agencies providing financial awards. For the purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by AVTA from a non-federal agency or other organizations. The portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized or the portion of the program expenditures that were funded with other state, local or other non-federal funds are included in the accompanying schedule under total expenditures. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of AVTA, it is not intended to and does not present the financial position, changes in net position, or cash flows of AVTA.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recognized when incurred. Expenditures reported include any property or equipment acquisitions incurred under the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

AVTA has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Subrecipients

AVTA did not disburse any funds to subrecipients during the year ended June 30, 2020.

FINDINGS AND QUESTIONED COSTS SECTION

**ANTELOPE VALLEY TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Clusters</u>
20.507	Federal Transit Cluster Program

Dollar threshold used to distinguish Type A and B programs: \$750,000

Auditee qualified as low risk auditee? X Yes ___ No

II. Findings Relating to Financial Statements Required Under Generally Accepted Government Auditing Standards (GAGAS)

None.

III. Federal Award Findings and Questioned Costs

None.

IV. State Award Findings and Questioned Costs

None.

V. Summary of Prior Audit (June 30, 2019) Findings and Current Year Status

None.



DATE: November 24, 2020

TO: BOARD OF DIRECTORS

SUBJECT: Proposed Service Changes

RECOMMENDATION

That the Board of Directors authorize the Executive Director/CEO to implement the following proposed changes effective December 14, 2020 in accordance with the Federal Transit Administration (FTA) Guidelines:

- Implementation and use of the South Valley Transit Center, Palmdale CA for opportunity charging.
- Route 1: Eliminate the layover located at 47th Street East and Avenue S. The Route 3 will service the portion eliminated on the Route 1.
- Route 2: Adjust routing to continue service boarding and alighting at 47th Street East and Avenue R.
- Route 3: Eliminate the stop at Avenue O-8 due to low ridership.
- Route 52: Adjust and extend the running times in order to receive the optimal utilization of the South Valley Transit Center. These adjustments will reduce the number of trips but will provide the same time coverage.

FISCAL IMPACT

There is no fiscal impact.

BACKGROUND

The expansion of opportunity charging sites within our service area are nearly completed. With these new sites, we will be able to increase efficiencies, streamline the Route 1, reduce the number of switch-outs and help identify additional resources that can be utilized on other routes.

These proposed changes will improve our service connectivity and reduce the distance (up to $\frac{3}{4}$ of a mile) that passengers currently have to walk to get a connecting route.

Service Changes – Effective December 14, 2020

November 24, 2020

Page 2

As you are aware, staff came to the Board in July 2020 and recommended to delay the start of the Regional Transit Plan (RTP) as a result of the up-tic in COVID-19 cases in Los Angeles County. Since this delay, staff continues to review those recommendations, make minor changes where needed, and prepare for outreach efforts and customer feedback. Staff anticipates returning to the Board early next year in March 2021 for an implementation by summer 2021.

Upon approval and prior to the implementation date of December 14, 2020, staff will begin preparing public notices, post announcements on the AVTA web site and social media and revise the current public schedule for final print. Once the new schedules are received, staff will immediately disseminate them to the public.

Prepared by:

Submitted by:

Martin J. Tompkins
Chief Operating Officer

Macy Neshati
Executive Director/CEO

NB 2.1

Proposed Service Changes

Presentation to the Board of Directors
November 24, 2020



BACKGROUND

The expansion of opportunity charging sites within our service area are nearly completed. With these new sites, efficiencies will be increased, switch-outs reduced, and additional resources identified and utilized.

In addition, the changes will improve service connectivity and reduce the distance (up to $\frac{3}{4}$ of a mile) passengers have to walk to get a connecting route. The frequencies will remain the same on the three (3) routes; however, the public schedules will be adjusted to reflect time changes.

Below are the new transit centers.

- Lancaster – “The Boulevard Transit Center”
- Palmdale – “South Valley Transit Center”
- AV College – “AVC Transfer Center” (Scheduled for 2021)



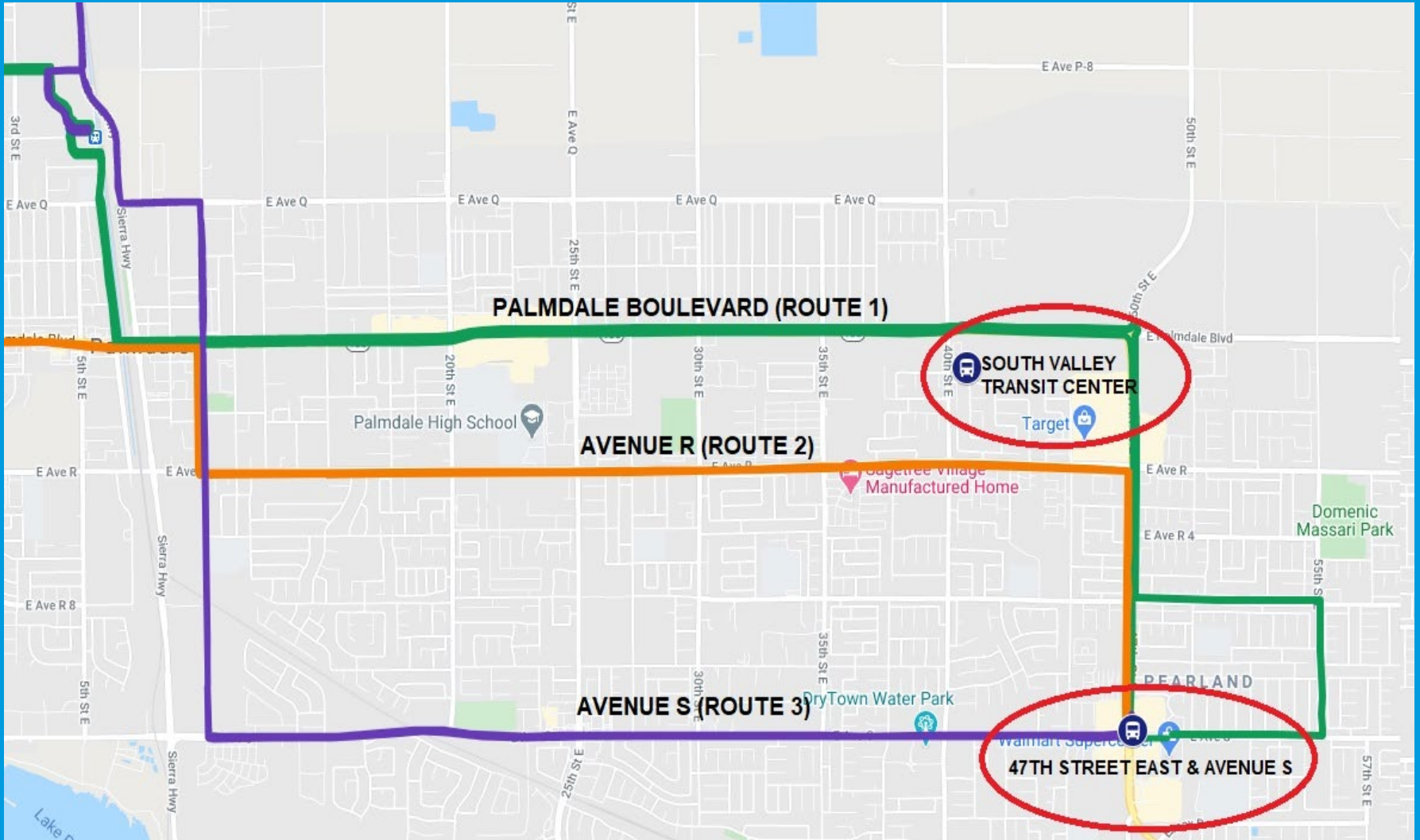
PROPOSED SERVICE CHANGES

- ✓ Route 1 – Palmdale: Eliminate the layover and start of route location located at Palmdale 47th St. E./Ave. S. Route will truncate at South Valley Transit Center. Route 3 will service the eliminated portion of Route 1 @ 47th St. E. & Ave. S
- ✓ Route 2 – adjusted for continued passenger boarding and alighting at 47th St. E. & Ave. R
- ✓ Route 3 – Due to low ridership (6 passengers per month), remove stop at Ave. O-8 & Sierra Hwy.
- ✓ Route 52 – Adjust the timing to allow for opportunity charging at South Valley Transit Center

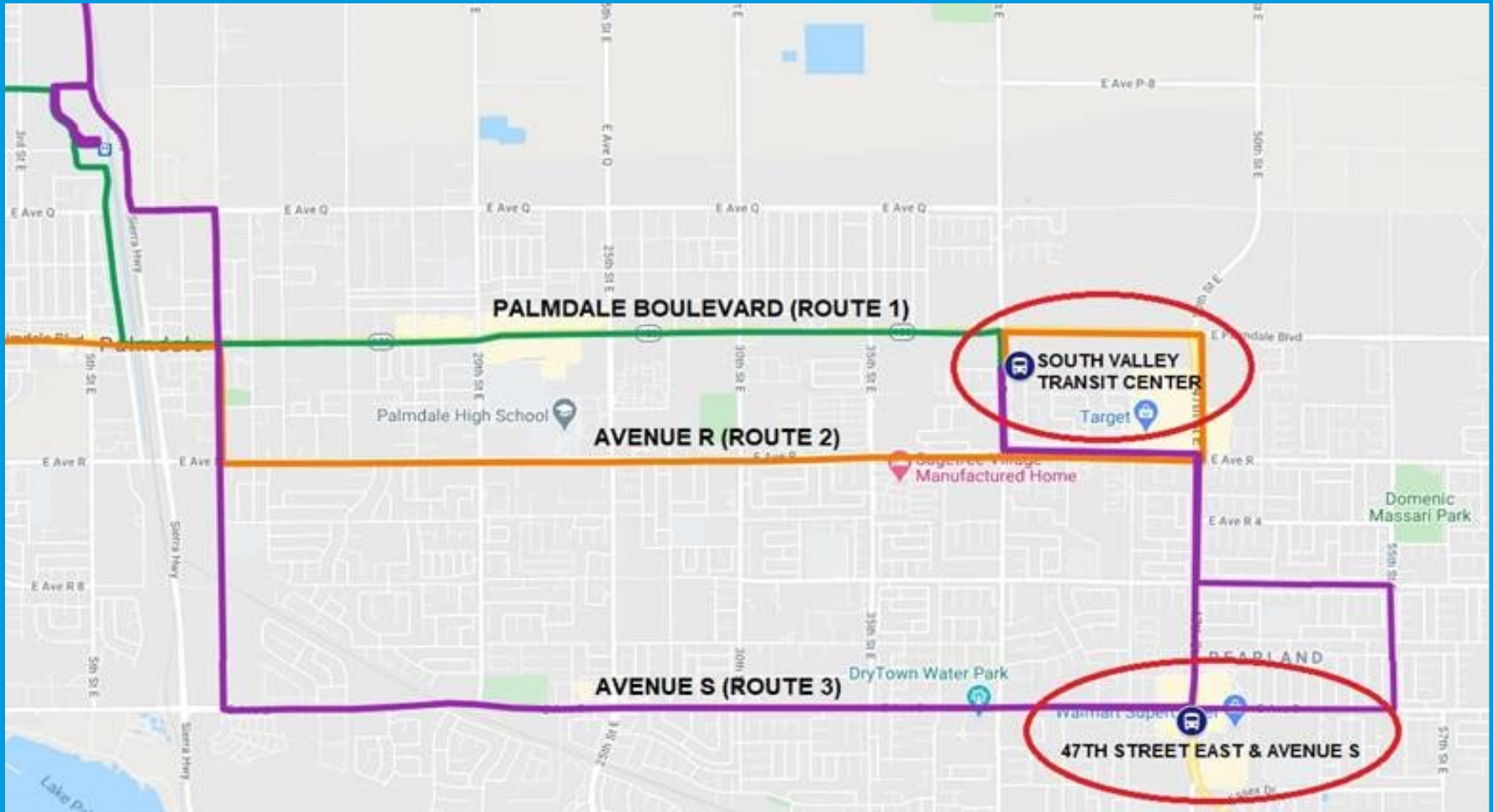
Goal:

- ✓ Streamline Route 1 to reduce delays
- ✓ Increase vehicle efficiency
- ✓ Reduce bus switch-outs
- ✓ Incorporate the new South Valley Transit Center for inductive opportunity charging

CURRENT SERVICE AREA



PROPOSED CHANGES TO THE SERVICE AREA



PROPOSED IMPLEMENTATION

Upon Board Approval:

- ✓ Work with Transdev to finalize a run-cut
- ✓ Create new public schedules to reflect the changes
- ✓ Finalize the preparation at the South Valley Transit Center
- ✓ Monitor and report to the Board February 2021

RECOMMENDATION

Authorize the Executive Director/CEO to implement the proposed changes as outlined, effective December 14, 2020, in accordance with the Federal Transit Administration Guidelines.

Thank you!

Questions?

