

Board of Directors
NATALIE ARROYO
City of Eureka
REX BOHN
County of Humboldt
STEVE LADWIG
City of Trinidad
JULIE WOODALL
City of Rio Dell
PAUL PITINO
City of Arcata
TAMI TRENT
City of Fortuna
MIKE WILSON
County of Humboldt

HTA Board Staff
GREG PRATT
General Manager
BRENDA FREGOSO
Secretary to the Board



Humboldt Transit Authority
Governing Board of Directors
HTA Conference Room - 133 V Street Eureka
AGENDA

Wednesday, April 24, 2019

9:00 AM

Regular Meeting

A. Call Meeting To Order

B. Roll Call & Introductions

C. Community Members Communication

Members of the community are invited to comment on items or issues not on the agenda.

D. Special Presentations

E. Consent Calendar

By motion, recommend the approval of the following items considered to be routine and enacted in one motion. Items may be removed from the consent calendar upon request and will be heard separately.

1. Minutes from the March 27, 2019 Regular Board Meeting Page 03
Action Recommended: Approve minutes
2. February statistics and financial statements for all systems operated by HTA Enclosed
Action Recommended: Receive and file
3. Federal Transit Administration Section 5311(f) Grant Funds Page 06
Staff is recommending submitting an application for 5311 (f) funds for operating assistance for the Intercity Bus Systems.
Action Recommended: Adopt Resolution 19-02 Authorizing Application for FTA Section 5311 (f) Grant Funds and the General Manager to Sign the Grant Agreement.

F. Items Removed from Consent Calendar

G. New Items

Responses to the 2017-18 Fiscal and Compliance Audit Page 08
Staff has prepared responses to the finding from the 2017-18 Fiscal and Compliance Audit.
Action Recommended: 1.) Review and discuss. 2.) If approved, direct staff to prepare the responses as recommended below and authorize the General Manager to notify the affected member entities for this request. Authorize the restriction of funds as follows:
Willow Creek: Restrict \$55,639 for Capital Purchases
Tish Non-Village Transit: Repay the excess TDA funds in the amount of \$1,531 to the Regional Transportation Agency (HCAOG)

- H. Board Communications
- I. Staff Communications
- J. Adjournment

Humboldt Transit Authority (HTA) is committed to a policy of non-discrimination pursuant to the requirements of Title VI of the Civil Rights Act of 1964. Persons who require special accommodations, accessible seating, or documentation in alternative formats under the American with Disabilities Act or persons who require translation services (free of charge) should contact HTA at least two days prior to the meeting.

Humboldt Transit Authority (HTA) se compromete a una norma de no discriminación de acuerdo a los requisitos del Artículo VI del Acto Derechos Civiles de 1964. Las personas que requieren alojamiento especial de acuerdo con el American with Disabilities Act, o personas que requieren servicios de traducción (libre de cargo) deben comunicarse con HTA al menos dos días antes de la reunión.

MINUTES FOR THE HUMBOLDT TRANSIT AUTHORITY

REGULAR BOARD MEETING

March 27, 2019

PRESENT

Board Members

Paul Pitino, City of Arcata

Tami Trent, City of Fortuna

Rex Bohn, County of Humboldt

Mike Wilson, County of Humboldt

Natalie Arroyo, City of Eureka

Julie Woodall, City of Rio Dell

ABSENT

Steve Ladwig, City of Trinidad

Staff

Greg Pratt, General Manager

Brenda Fregoso, Secretary to the Board

Alene Webb, Finance Manager

Jim Wilson, Director of Maintenance

Consuelo Espinosa, ADA & Safety Coordinator

Brian Connors, Operations Manager

Also, in attendance were: Nancy Diamond, HTA Legal Counsel; Phillip Johnson, HCAOG; Doby Glass, AMRTS; Catherine Sundquist, CAE Transport, Inc.; Barbara Guest, Anderson, Lucas, Somerville, & Borges.

CALL TO ORDER

Chairperson Pitino called the meeting to order at 9:04 a.m. Introductions were made.

COMMUNITY MEMBERS COMMUNICATION

None

SPECIAL PRESENTATIONS

None

CONSENT CALENDAR

By motion, recommended the approval of the following items considered to be routine and enacted in one motion. Items may be removed from the Consent Calendar upon request and will be heard separately.

Motion by Councilmember Arroyo, second by Supervisor Wilson to approve the Consent Calendar.

Motion carries unanimously

1. Minutes from the February 27, 2019 Regular Board Meeting

Action Recommended: Approve minutes

2. January 2019 statistics and financial statements for all systems

Action Recommended: Receive and file

Items removed from the Consent Calendar

None

NEW BUSINESS

1. 2017/2018 Financial & Compliance Audit

Pursuant to the Transportation Development Act Section 99260; the California Administrative Code; and, the rules and regulations of the Humboldt County Association of Governments, the Humboldt Transit Authority is audited on an annual basis to determine compliance with the same. The audit is conducted in accordance with Government Auditing Standards issued by the Controller General of the United States and the provisions of the Office of Management and Budget Circular A-128, Audits of State and Local Government, to obtain reasonable assurance about whether the financial statements are free of material misstatement. A representative from the firm Anderson, Lucas, Somerville, & Borges is present at this meeting to review the audit and answer questions from board members of the public.

Barbara Guest with Anderson, Lucas, Somerville, & Borges provided the board with a copy of the 2017/2018 HTA Audit and went over some highlights and finds. General Manager Greg Pratt discussed the TDA and Excess funds.

Motion by Supervisor Wilson, second by Councilmember Arroyo to receive and file the 2017/2018 Audit and prepare the responses.

Motion carries unanimously

2. Low Carbon Transit Operators Program (LCTOP) Grant

Staff is recommending submitting an application to LCTOP to apply for funds available to our transit improvement projects.

General Manager Greg Pratt gave the board a brief description of how funds are allocated through HCAOG and the criteria and eligibility for the LCTOP Grant funds.

Motion by Supervisor Wilson, second by Councilmember Trent to adopt resolution 19-02 authorizing application for LCTOP grant funds and authorize the General Manager to execute all required documents of the LCTOP.

Motion carries unanimously

3. Agreement between the Humboldt Transit Authority, City of Arcata, County of Humboldt and the Humboldt County Association of Governments Regarding Dial-A-Ride Services Operating and Administrative Cost-Sharing

Staff has prepared a funding agreement for Dial-A-Ride services in the region. The proposed allocations from the member entities have changed but the total operating amount for the contract will remain the same as prior year.

General Manager Greg Pratt gave the board the methodology of how the Dial-A-Ride funds are allocated.

Motion by Supervisor Wilson, second by Councilmember Arroyo to approve the Agreement between the Humboldt Transit Authority, City of Arcata, County of Humboldt and the Humboldt County Association of Governments regarding Dial-A-Ride Services Operating and Administrative Cost-Sharing.

Motion carries unanimously

4. Tish Non-Village Transit

Staff was recently notified by Humboldt County Public Works that they are terminating the contract for services for the Tish Non-Village Bus Transit System due to its performance not meeting the minimum farebox requirement of 10%.

General Manager Greg Pratt gave the board an update on his meeting with HCAOG regarding Tish Non-Village service and that it was determined that there is not enough population for this service to meet its fare box.

Motion by Supervisor Bohn, second by Supervisor Wilson to direct staff to notify the public of bus service ending for Tish Non-Village on June 30, 2019 and make preparations to service the residents of Fernbridge, Loleta, and Palmer Blvd. on July 1, 2019.

Motion carries unanimously

OLD BUSINESS

None

Board Reports

None

Staff Communications

General Manager Greg Pratt gave the board a brief update on “W” Street and thanked Nancy Diamond, HTA’s Counsel. He also gave an update on the Nixon house as well as the Electric Bus.

Meeting adjourned at 10:05 a.m.



133 V Street
Eureka, CA 95501

A Public Entity Serving Humboldt County Since 1976

Office: (707) 443-0826
Fax: (707) 443-2032
www.hta.org

TO: Chair Pitino
All Governing Board Members

FROM: Greg Pratt, General Manager

DATE: April 24, 2019

SUBJECT: Federal Transit Administration Section 5311(f) Grant Funds

The California Department of Transportation has notified its sub-recipients that there are FTA Section 5311(f) grant funds available for intercity bus services. This is a competitive grant for all rural agencies in the State of California. Staff is requesting approval from the HTA board to apply for \$300,000 in Operating Assistance to help offset the costs for the Intercity Systems in Willow Creek and Southern Humboldt. HTA has been successful in applying to this grant program for the past 11 years and the Local Transportation Funds can and will be used as the local match if awarded.

Action Recommended: Adopt Resolution 19-02 Authorizing Application for FTA Section 5311(f) Grant Funds and the General Manager to Sign the Grant Agreement.



**Authorizing Resolution for FTA Funds
State of California
Division of Rail and Mass Transportation**

RESOLUTION NO. 19-02

RESOLUTION AUTHORIZING THE FEDERAL FUNDING UNDER FTA SECTION 5311 (49 U.S.C. SECTION 5311) WITH CALIFORNIA DEPARTMENT OF TRANSPORTATION

WHEREAS, the U. S. Department of Transportation is authorized to make grants to states through the Federal Transit Administration to support capital/operating assistance projects for non-urbanized public transportation systems under Section 5311 of the Federal Transit Act (**FTA C 9040.1F and FTA C 9050.1**); and

WHEREAS, the California Department of Transportation (Department) has been designated by the Governor of the State of California to administer Section 5311 grants for transportation projects for the general public for the rural transit and intercity bus; and

WHEREAS, *The Humboldt Transit Authority* desires to apply for said financial assistance to permit operation of service/purchase of capital equipment in *Humboldt County*; and

WHEREAS, the *Humboldt Transit Authority* has, to the maximum extent feasible, coordinated with other transportation providers and users in the region (including social service agencies).

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the *Humboldt Transit Authority Governing Board of Directors* does hereby Authorize the *General Manager*, to file and execute applications on behalf of with the Department to aid in the financing of capital/operating assistance projects pursuant to Section 5311 of the Federal Transit Act (**FTA C 9040.1F and FTA C 9050.1**), as amended.

That *General Manage* is authorized to execute and file all certification of assurances, contracts or agreements or any other document required by the Department.

That *General Manage* is authorized to provide additional information as the Department may require in connection with the application for the Section 5311 projects.

That *General Manage* is authorized to submit and approve request for reimbursement of funds from the Department for the Section 5311 project(s).

PASSED AND ADOPTED by the *Humboldt Transit Authority Governing Board of Directors* of the *County of Humboldt*, State of California, at a regular meeting of said Commission or Board Meeting held on the by the following vote:

AYES:
NOES:
ABSENT:

(Please Print)

Name: Paul Pitino

Title: Chair of the Humboldt Transit Authority
Governing Board of Directors

Signature: _____

Date: April 24, 2019



133 V Street
Eureka, CA 95501

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Office: (707) 443-0826
Fax: (707) 443-2032
www.hta.org

TO: Chair Pitino
All Governing Board Members

FROM: Greg Pratt, General Manager

DATE: April 24, 2019

SUBJECT: Responses to the 2017/18 Fiscal and Compliance Audit.

This is to acknowledge the management letter (attached) of February 8, 2019 from Anderson, Lucas, Somerville, & Borges, LLP, the certified public accounting firm that performed the audit. Staff has reviewed the Report on the audit findings for the Humboldt Transit Authority for the Year ending June 30, 2018, and related comments regarding their findings. The following represents our recommended response to the same:

COMPLIANCE WITH TDA FUND ELIGIBILITY

Finding: Excess operating funds received. There was \$55,639 in excess TDA operating funds for the Intercity (Willow Creek) Bus System.

Solution for Willow Creek: Staff recommends following the auditors solution (b) for Southern Humboldt Bus System, by requesting the County of Humboldt amend their TDA claim to reflect restricting the excess funds for capital expenditures.

Finding: Excess operating funds received. There was \$1,531 in excess TDA operating funds for the Tish Non-Village Transit Bus System.

Solution for TNT: Staff recommends following the auditors solution (c) for Tish Non-Village Transit, by repaying the excess TDA funds back to the Regional Transportation Planning Agency (HCAOG).

NON-COMPLIANCE WITH TDA MINIMUM FARE BOX RECOVERY RATIOS

Finding: Unable to meet required minimum farebox ratio: Southern Humboldt Local System failed to the minimum farebox recovery of 10%

Solution for Southern Humboldt Local System: HTA merged the Southern Humboldt Intercity with the Southern Humboldt Local to gain ridership and to meet the minimum farebox requirement.

Finding: Unable to meet required minimum farebox ratio: Tish Non-Village Transit (TNT) failed to meet the minimum farebox recovery ratio of 10% for three consecutive years and was in the fourth year of not reaching 5%.

Solution for TNT: After June 30, 2019, HTA will no longer provide service the Community Center at the Tish Non-Village. The Redwood Transit System will service the areas of Palmer Boulevard in Fortuna, Fernbridge, and Loleta beginning on July 1, 2019. Staff has posted notices on social media and on the buses.

Action Recommended: Direct staff to notify the affected member entity.

MANAGEMENT LETTER

February 8, 2019

Board of Directors
Humboldt Transit Authority
133 V Street
Eureka, California 95501

Ladies and Gentlemen,

We have audited the financial statements of Humboldt Transit Authority (HTA) for the year ended June 30, 2018 and have issued our report thereon dated February 8, 2019. As part of our audit, we reviewed and tested HTA's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards.

The objective of internal accounting control is to provide reasonable, but not absolute assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of HTA's system of internal accounting control for the year ended June 30, 2018 which was made for the purpose set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system. However, we submit, for your consideration, our comments and recommendations on the operating methods, accounting policies and procedures, and other matters which came to our attention during the course of the audit.

CURRENT YEAR FINDINGS

1. Compliance with TDA Fund Eligibility:

Excess Operating Funds Received:

As shown in Note 2 to the financial statements, the following systems did not meet the compliance requirements of Section 6634 of the California Administrative Code dealing with TDA fund eligibility. Fund eligibility is determined by subtracting actual fare revenues, depreciation, and any federal operating funds received from operating expenses. This amount represents the maximum allowable TDA funding for operating expenses for the fiscal year ended June 30, 2018. TNT falls under Section 99268.9 as 2017-2018 is a grace year.

	TNT	Willow Creek
Operating Costs	\$ 229,355	\$ 287,406
Less Depreciation	(35,406)	(36,608)
Less Fare Revenues	(9,743)	(39,086)
Less Federal Operating Funds	-	-
Maximum TDA Fund Eligibility	<u>184,206</u>	<u>211,712</u>
STAF Operating Funds Received	2,307	-
TDA Funds Received	<u>183,430</u>	<u>267,351</u>
	185,737	267,351
Excess TDA Funds Received	<u><u>\$ 1,531</u></u>	<u><u>\$ 55,639</u></u>

Recommendation: HTA has several options to remedy this situation:

- a. Claims by member entities for operating costs for the following fiscal year may be reduced by the current year excess TDA funds.
- b. Members may file amended claims for the current fiscal year applying the excess fund to capital expenditures made during the current year.
- c. Members may repay the excess TDA funds to the Transportation Planning Agency (HCAOG) on demand.

2. Non-Compliance with TDA Minimum Fare box Recovery Ratios

Per TDA Code Section 99268.8, minimum mandatory Fare box Recovery Ratio compliance testing for the two Southern Humboldt routes began for the year ended June 30, 2013. Southern Humboldt Local route is required to maintain a fare box ratio of 10%. According to our calculations, fare box recovery ratio for the Southern Humboldt Local route was 6.44% and 9.71% and did not meet the minimum 10% for June 30, 2018 or June 30, 2017. June 30, 2017 was considered a grace year. For next fiscal year, Southern Humboldt Local is combined with Southern Humboldt InterCity as one operator.

Tish Non-Village fare box recovery ratio was 5.02% at June 30, 2018. Operating years 2015-2016 and 2016-2017 for TNT qualified for the two-year exemption under Section 99268.8 as a new route. This year, TNT falls under Section 99268.9 as the first grace period.

If an operator fails to maintain its required fare box ratio for two fiscal years, (not necessarily consecutive years), the TDA/STA allocation will be reduced during a subsequent penalty year by the amount of the difference between the required fare revenues and the actual fare revenues received in the second year of non-compliance.

Recommendation: We believe that combining both Southern Humboldt routes will possibly meet the fare box ratio for next fiscal year. It is still our recommendation for HTA to continue to increase ridership and reduce operating costs for the Southern Humboldt route to meet the minimum fare box ratio in the future.

The above recommendations and comments are intended to be constructive suggestions on ways to improve the policies and procedures of HTA. They are not intended to be all-inclusive of the areas in which improvements might be achieved. Should you have any questions regarding these comments or any other matters, please contact us.

In conclusion, we wish to thank the staff of Humboldt Transit Authority for their cooperation and assistance during our audit.

ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP