



**REVISED AGENDA  
EXECUTIVE COMMITTEE MEETING  
FRIDAY, APRIL 6, 2018 – 9:00 A.M.  
OMNITRANS  
1700 WEST FIFTH STREET  
SAN BERNARDINO, CA 92411**

The meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or Limited English Proficiency services are needed in order to participate in the public meeting, requests should be made through the Board Secretary at least three (3) business days prior to the Committee Meeting. The Board Secretary’s telephone number is 909-379-7110 (voice) or 909-384-9351 (TTY). If you have comments about items on the agenda or other general concerns and are not able to attend the meeting, please mail them to Omnitrans at 1700 West Fifth Street, San Bernardino, California, Attention Board Secretary. Comments may also be submitted by email to [BoardSecretary@omnitrans.org](mailto:BoardSecretary@omnitrans.org).

**THIS MEETING IS AVAILABLE BY TELECONFERENCE AT THE FOLLOWING LOCATION  
AND WILL BE CONDUCTED IN ACCORDANCE WITH GOVERNMENT CODE SECTION 54953(B)**

**HIGHLAND SENIOR CENTER, 3102 E. HIGHLAND AVENUE, HIGHLAND, CA 92346**

**THIS LOCATION IS ACCESSIBLE TO THE PUBLIC AND MEMBERS OF THE PUBLIC MAY ADDRESS  
THE COMMITTEE FROM THIS TELECONFERENCE LOCATION**

**A. CALL TO ORDER**

**B. ANNOUNCEMENTS/PRESENTATIONS**

1. Next Committee Meeting: May 4, 2018 – 9:00 a.m.  
Omnitrans Metro Facility

**C. COMMUNICATIONS FROM THE PUBLIC**

This is the time and place for the general public to address the Board for items that are not on the agenda. In accordance with rules applicable to meetings of the Executive Committee, comments on items not on the agenda and on items on the agenda are to be limited to a total of three (3) minutes per individual.

**D. POSSIBLE CONFLICT OF INTEREST ISSUES**

N/A

**E. DISCUSSION ITEMS**

- |   |    |
|---|----|
| 1. Approve Executive Committee Minutes – March 2, 2018  | 2  |
| 2. Recommend the Board of Directors Approve Proposed Fiscal Year 2019 Management Plan – <i>P. Scott Graham (Revised Item)</i>   | 6  |
| 3. Receive and Forward to the Board of Directors the Financial White Paper as an Information Item– <i>P. Scott Graham</i>   | 26 |
| 4. Recommend to the Board of Directors, Special Legislation to Change Omnitrans from a Joint Powers Authority to a Statutorily Created Special Transit District – <i>Haviva Shane</i> | 35 |

**F. BOARD BUSINESS**

There is no Closed Session scheduled.

**G. REMARKS AND ANNOUNCEMENTS**

**H. ADJOURNMENT**

ITEM #           E1          

**EXECUTIVE COMMITTEE MEETING  
MINUTES  
MARCH 2, 2018**

**A. CALL TO ORDER**

The Executive Committee Meeting was called to order by Vice Chairman David Avila at 9:02 a.m., Friday, March 2, 2018 at the Omnitrans Administrative Offices. Chairman Ron Dailey arrived at 9:04 a.m. and presided over the meeting.

**COMMITTEE MEMBERS ATTENDING**

Council Member Ron Dailey, City of Loma Linda – Board Chairman  
Council Member David Avila, City of Yucaipa – Board Vice Chairman  
Mayor Penny Lilburn, City of Highland  
Council Member John Roberts, City of Fontana  
Council Member Sam Spagnolo, City of Rancho Cucamonga

**OMNITRANS STAFF ATTENDING**

P. Scott Graham, CEO/General Manager  
Erin Rogers, Deputy General Manager  
Jacob Harms, Director of Information Technology  
Don Walker, Director of Finance  
Julienne Overland-Villegas, Senior Administrative Assistant to the CEO/General Manager

**B. ANNOUNCEMENTS/PRESENTATIONS**

Next Committee Meeting:           Friday, April 6, 2018, 9:00 a.m.  
  Omnitrans Metro Facility

**C. COMMUNICATIONS FROM THE PUBLIC**

There were no communications from the public.

**D. POSSIBLE CONFLICT OF INTEREST ISSUES**

There were no Conflict of Interest Issues.

**E. DISCUSSION ITEMS**

1. Approve Executive Committee Minutes – January 5, 2018

M/S (Spagnolo/Lilburn) that approved the Executive Committee Minutes of January 5, 2018. Motion was passed unanimously by Members present.

2. Receive and File Safety & Security Update

CEO/General Manager, P. Scott Graham and Director of Information Technology, Jacob Harms, presented this item. Mr. Graham noted that this item would also include a Closed Session portion.

Member Avila asked what the decibel level is on the audible turn signal announcement. Mr. Graham responded that he did not have that information, but would provide it following the meeting.

The Committee received and filed this report.

Item F1 was moved up on the agenda and was heard before Item E3.

**F. BOARD BUSINESS**

**CLOSED SESSION**

1. Threat to Public Services or Facilities – pursuant to Government Code Section 54957(a)  
Consultation with P. Scott Graham, CEO General Manager

The Committee adjourned into Closed Session at 9:21 a.m.

The Committee reconvened at 9:38 a.m. with no reportable action.

**E. DISCUSSION ITEMS CONTINUED**

3. Receive and Recommend to the Board of Directors, Vacant Land for Sale Adjacent to South I Street Facility

Director of Finance, Don Walker, provided a brief background on this item as detailed in the staff report.

Member Lilburn asked what is the cost per square foot for the land. Mr. Walker did not have that information with him; however, he would provide it following the meeting.

M/S (Lilburn/Spagnolo) that recommended the Board of Directors approval to authorize the Chief Executive Officer/General Manager to proceed with the purchase of two (2) parcels of vacant land adjacent to the South I Street Facility. Motion was passed unanimously by Members present.

4. Receive and Forward to the Board of Directors, Financial White Paper

Chairman Dailey introduced this item and began by complimenting staff for laying out the information in a clear and concise manner. He provided a brief overview of the item and mentioned the potential funding constraints the Agency may be facing, which are outlined in more detail in the staff report. He expressed his concerns regarding the amount of Local Transportation Funding (LTF) allocated for Omnitrans being capped at a three percent growth rate until 2027. Chairman Dailey noted that without the appropriate level of funding, it will be difficult to sustain the existing service levels long-term, potentially resulting in reduced service.

The Committee engaged in a lengthy discussion regarding how the allocation amount is determined and distributed by SBCTA. There was also some discussion regarding some of SBCTA's funding constraints. Mr. Graham noted that this report was shared with Mr. Ray Wolfe, Executive Director of SBCTA, and other key staff.

Chairman Dailey referred to the two projects currently in the planning phases, which are the Redlands Passenger Rail Project (RPRP) and the West Valley Connector (WVC), and asked about the potential implications to those projects. Mr. Graham responded that he did not believe the RPRP would be significantly impacted, however the WVC could face sustainability challenges in the future.

The consensus of the Committee was to forward this item to the Board and begin the discussions. They also felt that it was important that the Board receive this information prior to any budgetary decisions being made related to Omnitrans by the SBCTA Board.

The Committee also engaged in a discussion regarding this how this information would be disseminated to the Board.

Member Lilburn left the room at 10:20 a.m. and returned at 10:22 a.m.

The Committee expressed some concern regarding potential service cuts to their respective cities in the future and some questions were raised as to how the Agency was preparing to address those issues. Mr. Graham responded that the Short Range Transit Plan will address those issues and will include forecast data.

Chairman Dailey asked that more information be included in the report regarding any potential impacts to the RPRP and WVC Projects prior to disseminating this report to the Board. Mr. Graham noted the request.

Mr. Graham stated that the purpose of presenting this item was to update the Committee on the potential challenges the Agency may be facing in the future and begin the discussions. He also asked that the Committee provide staff with feedback as to any additional information that should be included in the report. He mentioned that a meeting was held with Mr. Wolfe and other SBCTA staff, and the report was briefly discussed.

Chairman Dailey stated that perhaps inviting Mr. Wolfe to present this item to the Board would be appropriate in order to provide a more balanced perspective.

The Committee received this item and recommended some revisions be made prior to forwarding to the full Board.

## **F. BOARD BUSINESS**

### **CLOSED SESSION**

1. Threat to Public Services or Facilities – pursuant to Government Code Section 54957(a)  
Consultation with P. Scott Graham, CEO/General Manager

The Committee adjourned into Closed Session at 9:21 a.m.

The Committee reconvened at 9:38 a.m. with no reportable action.

## **G. REMARKS AND ANNOUNCEMENTS**

There were no remarks and announcements.

## **H. ADJOURNMENT**

The Committee adjourned at 10:23 a.m. The next Executive Committee Meeting is scheduled Friday, April 6, 2018, at 9:00 a.m., with location posted on the Omnitrans website and at the Omnitrans San Bernardino Metro Facility.

Prepared by:

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Araceli Barajas, Executive Staff Assistant

ITEM # \_\_\_\_\_ E2 \_\_\_\_\_

**DATE:** April 6, 2018

**TO:** Board Chair Ron Dailey and Members of the Executive Committee

**FROM:** P. Scott Graham, CEO/General Manager

**SUBJECT: PROPOSED FISCAL YEAR 2019 MANAGEMENT PLAN**

**FORM MOTION**

Support Proposed Fiscal Year 2019 Management Plan, which outlines the CEO/General Manager's operational plan on how the initiatives will be achieved.

**BACKGROUND**

Omnitrans contracted with Ms. Jana Evans, Principal/CEO of Exponential-Dynamics, to develop the 2019 Management Plan. In development of the plan, Ms. Evans guided the Senior Leadership Team through a structured collaborative process to define the initiatives for Omnitrans in Fiscal Year 2019. The 12-month Management Plan was derived from the Fiscal Year 2017-2020 Strategic Plan adopted by the Board of Directors in April 2016. The Management Plan aligns with Omnitrans' Short Range Transit Plan for Fiscal Year 2015-2020 – *OmniConnects*, as well as the San Bernardino County Transportation Authority Fiscal Year 2015-2019 Short Range Transit Plan.

The Management Plan for Fiscal Year 2019 is focused on five Strategic Initiatives:

1. Financial Sustainability & Operational Cost Efficiencies
2. Service Expansion & Funding Growth
3. Technology
4. Safety & Security
5. Workforce Stability

Each initiative consists of five sections:

1. Strategic Initiative Objective – Statement of need and purpose focused on FY19.
2. Actions – Key activities for FY19 necessary to complete the Initiative.
3. Accountability Measures – Milestones and/or indicators used to articulate quarterly progress and achievements.

4. Support for the Omnitrans Strategic Plan FY17-FY20 – Identifies the Strategic Goals, Outcomes, Performance Indicators and Strategies. Each Strategic Initiative supports to ensure continuing alignment with the 3-year Strategic Plan.
5. Leadership Team Members – responsible for coordinating implementation for the Strategic Initiative and documenting/reporting on its progress.

A cross-cutting team of Senior Leadership Members is assigned to each initiative and will meet monthly to evaluate progress of each initiative to address any challenges that arise and implement corrective action where tasks are not achieved. The plan will be communicated to all staff to ensure there is sufficient understanding and quarterly reports tracking the progress of the performance indicators will be provided to the Board of Directors.

### **CONCLUSION**

Support of Fiscal Year 2019 Management Plan provides clear objectives that will enable Omnitrans the ability to achieve the initiatives adopted by the Board of Directors.

PSG: JV



***OmniTrans***

Connecting Our Community.

**MANAGEMENT PLAN**  
FY2019

DRAFT

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## Acronyms

DCEO	Deputy Chief Executive Officer
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
LTF	Local Transportation Funds
SBCTA	San Bernardino County Transportation Authority
SRTP	Short Range Transit Plan
SSERPP	System Security Emergency Response Preparedness Plan
TAM	Transit Asset Management
TNC	Transportation Network Companies
TSA	Transportation Security Administration
TOD	Transit Oriented Development
WVC	West Valley Connector

## Executive Summary

Omnitrans is responsible for developing an integrated public transportation network in the San Bernardino Valley. The evolving challenges that accompany this crucial role within a tightly constrained fiscal environment have been successful largely due to our focus on effective and innovative utilization of partnerships, programs and resources, which could not have been realized without the support of our Board of Directors, the San Bernardino County Transportation Authority, and the Federal Transit Administration.

Last year’s Management Plan focused on reducing costs to offset the loss of fare revenue, introducing improved security measures, safety technologies and service improvement for our riders. Operationally, the emphasis was on reducing customer travel time, providing more direct route alignments, increasing express bus service and partnering with transportation network companies (TNC) to deliver alternative service for qualified seniors and paratransit customers.

Recent Local Transportation Funding (LTF) forecasts indicate the three percent LTF funding growth through FY2027 is uncertain. As a result, the Management Plan for FY2019 focuses on sustaining existing service levels while maintaining performance on key issues such as safety and security, operating efficiencies, and technology. These themes carry forward into the FY 2019 Management Plan:

1. **Financial Sustainability & Operational Cost Efficiencies**
2. **Service Expansion & Funding Growth**
3. **Technology**
4. **Safety and Security**
5. **Workforce Stability**

The *Financial White Paper* (P. Scott Graham/Erin Rogers) issued in March 2018 summarized three major issues facing Omnitrans over the next decade. In developing the Strategic Initiatives of the FY2019 Management Plan, these issues were on the forefront. A brief account of how the Strategic Initiatives address the White Paper issues is offered below.

### Cost Efficiencies Implemented

*Quote from Financial White Paper--“Following the completion of the Comprehensive Operational Analysis (COA) and prior to adoption of the OmniConnects 2015-2020 Short Range Transit Plan (SRTP), Omnitrans was facing a \$2.4 million deficit. In order to close the deficit without impacting customers with an overall reduction in service, Omnitrans staff implemented a wide variety of cost cutting strategies. Collectively, these initiatives have saved approximately \$4.5 million per year.”*

<i>Supportive Strategic Initiatives for FY19</i>				
Financial Sustainability & Operational Cost Efficiencies	Service Expansion & Funding Growth	Technology	Safety and Security	Workforce Stability
<b>X</b>	<b>X</b>	<b>X</b>		

Strategic Initiatives of *Financial Sustainability & Operational Cost Efficiencies, Technology and Service Expansion & Funding Growth* target the challenges that come with anticipated revenue uncertainties.

### Management Plan Themes:

**ENERGY COSTS AND SAVINGS:** With the planned construction of Pipeline Fueling Infrastructure at “I” Street, we continue our commitment to CNG fuel and the associated cost savings. In addition,

we are defining our approach to begin implementation of solar energy and stored energy solutions. We are finalizing the grant-funded, near-zero engine repower project on 63 buses, while planning for the California Air Resource Board (CARB) requirement for Zero Emission Bus technology.

PLANNING AND SERVICE: The 2019-2025 Short Range Transit Plan (SRTP) will be completed by the third quarter of FY2019. The West Valley Connector (WVC) Project will move forward in partnership with the SBCTA.

TECHNOLOGY: To comply with Federal Transit Administration (FTA) regulation, design of the Transit Asset Management System (TAM) will be completed and includes automation of the Maintenance Work Order process. Several technology optimization projects are in line to improve functionality and utilization--procure-to-pay, e-recruitment, and electronic timekeeping. Another technology advancement will be to implement paratransit on-line booking software to improve efficiency and customer experience.

### Rising Operational Costs and Upcoming Challenges

*Quote from Financial White Paper—“While Omnitrans has effectively managed operating costs the last several years with a tightly constrained budget; it will become increasingly difficult to keep cost growth at this rate through 2025. Some cost drivers that Omnitrans anticipates in the upcoming years include: Benefit Costs, Wages, Coach Operator Shortages, Attracting and Keeping High Quality Managers and Directors, Proposed Innovative Clean Transit Regulation (Zero Emission Bus Rule), and the cost of the Access Contract.*

Supportive Strategic Initiatives for FY19				
Financial Sustainability & Operational Cost Efficiencies	Service Expansion & Funding Growth	Technology	Safety and Security	Workforce Stability
<b>X</b>		<b>X</b>		<b>X</b>

Strategic Initiatives of *Financial Sustainability & Operational Cost Efficiencies, Technology, and Workforce Stability* all contain actions that address rising operational costs with a variety of methods.

#### Management Plan Themes:

OPERATIONAL COSTS AND STAFFING: Succession planning and preparation continues with the Leadership Development Academy (LDA) which will include Manager and Supervisor tracks in the coming year. Our intern program will provide expanded workplace experiences with the idea of attracting young professionals to the transit industry, more specifically to Omnitrans. To improve personnel utilization, we will evaluate operational processes that impact Coach Operator overtime. In addition, we plan to identify provisions in the Coach Operator Collective Bargaining Agreement that can improve cost efficiencies and improve the Coach Operator work environment.

FUNDING CHALLENGES: To mitigate projected shortfalls in operational funding, we plan to partner with SBCTA to develop a consistent outreach plan designed to inform political and private stakeholders about Omnitrans projects and initiatives, as well as legislative and/or administrative challenges. We will also partner with SBCTA to move the West Valley Connector Project forward. To advance the Arrow Rail services, we will be implementing the three-party agreement with SBCTA and Metrolink, contracting for Operations and Maintenance of Equipment, and working to identify solutions for rail feeder service. Omnitrans will also be exploring innovative partnerships with city, county, and other stakeholders for opportunities to implement transit oriented development (TOD).

**Future Service Demand**

*Quote from Financial White Paper—“There will be demand for service increases to coincide with planned development and population growth.”*

<i>Supportive Strategic Initiatives for FY19</i>				
Financial Sustainability & Operational Cost Efficiencies	Service Expansion & Funding Growth	Technology	Safety and Security	Workforce Stability
<b>X</b>	<b>X</b>		<b>X</b>	

Strategic Initiatives of *Financial Sustainability & Operational Cost Efficiencies, Service Expansion & Funding Growth, and Safety & Security* feature actions intended to anticipate and meet future service demands.

*Management Plan Themes:*

**PLANNED DEVELOPMENT AND POPULATION GROWTH:** With the completion of the 2019-2025 Short Range Transit Plan (SRTP), Omnitrans will have detailed service implementation plans for both financially constrained and unconstrained environments. Important to the future of Omnitrans is an outreach plan designed to inform and expand political and private support for projects and initiatives in order to obtain sufficient funding to sustain current service levels. In addition, we will actively work at our partnerships with city, county, and other stakeholders on opportunities to implement transit oriented development (TOD).

**SAFETY AND SECURITY:** Both safety and security remain a top priority as Omnitrans develops and grows. We will be moving to the next phase in completing the Baseline Assessment for Security Enhancement of the TSA Gold Standard. We will evaluate and guarantee Agency readiness according to the System Security Emergency Response Preparedness Plan. To prepare for any incident involving loss of data or critical infrastructure, we are creating a detailed failover/recovery operational plan. In addition, we will enhance the safety equipment on our paratransit fleet with new and improved mobility securement devices.

## Introduction

The Vision and Mission Statement remain at the core of all Omnitrans' plans, including this one.

### OMNITRANS' VISION

Omnitrans' vision for Transit in the San Bernardino Valley is a values and customer based vision where:

- *The San Bernardino Valley's multimodal transit system supports the local economy.*
- *Omnitrans' service is reliable, not just in the narrow sense of on-time performance, but in a broader manner: Omnitrans' service is worthy of the customer's trust.*
- *Customers have a high-quality experience using Omnitrans.*
- *Omnitrans maximizes value to the community with every transit dollar available.*

### OMNITRANS' MISSION STATEMENT

Omnitrans' mission is: *To provide the San Bernardino Valley with comprehensive public mass transportation services which maximize customer use, comfort, safety, and satisfaction, while efficiently using financial and other resources in an environmentally sensitive manner.*

### THIS PLAN

The Management Plan for FY 2019 centers on five Strategic Initiatives:

1. Financial Sustainability & Operational Cost Efficiencies
2. Service Expansion and Funding Growth
3. Technology
4. Safety and Security
5. Workforce Stability

The Senior Leadership Team used a specific set of criteria in selecting the Strategic Initiatives for FY2019.

**Priorities:** What issues or projects have the greatest consequence for the Agency? Which projects or issues should be resourced to the fullest extent possible? What rises to the level of Board action now and in the next fiscal year?

**Partnership:** Based on the answers to the above, which projects or issues require the most collaboration—across Omnitrans, across the region it serves?

Each Strategic Initiative includes of five elements:

1. Strategic Initiative Objective—Statement of need and purpose focused on FY 2019.
2. Actions—Key activities for FY2019 necessary to complete the Initiative.
3. Accountability Measures—Milestones and/or indicators used to articulate quarterly progress and achievements. All completion target dates are in fiscal year 2019.
4. Support for the Omnitrans Strategic Plan FY2017-2020—identifies the Strategic Goals, Outcomes, Performance Indicators and Strategies each Strategic Initiative supports to ensure continuing alignment with the 3-year Strategic Plan.
5. Senior Leadership Team Members responsible for coordinating implementation of the Strategic Initiative and documenting/reporting on its progress.

Furthermore, the Strategic Initiatives for Management Plan FY2019 remains in alignment with the goals of the Omnitrans’ Strategic Plan FY2017-2020.

1. Safety and Security – Develop and enhance an integrated, responsive safety and security system to protect customers, employees and assets.
2. Service and Operations - Improve and expand public transportation service to our customers and community.
3. Technology - Increase capacity to provide new, innovative technology solutions and enhance existing ones.
4. Finance - Optimize funding opportunities while maintaining fiscal stewardship.
5. Marketing - Increase the awareness and use of Omnitrans within the community we serve.
6. Organizational and Workforce Excellence - Improve organizational systems to cultivate Omnitrans as an employer of choice.

And lastly, this Management Plan for FY2019 also demonstrates support for SBCTA’s overarching performance targets for Congestion Reduction, Economic Vitality, and Environmental Sustainability.

### IMPLEMENTATION

Elements that are essential for successful implementation of the Management Plan for FY2019:

1. Monthly meetings of the Senior Leadership Team dedicated to discussion and evaluation of progress on the Management Plan, and dealing with questions or challenges that may arise in execution.
2. Each Strategic Initiative in the Management Plan is assigned to a cross-cutting team that will take responsibility for the initiative (*see Table 1 below*).
3. Accountability Measures that facilitate meaningful quarterly reporting on progress for each Strategic Initiative.
4. Directors will communicate the plan to staff to ensure there is sufficient understanding of the Management Plan’s Strategic Initiatives.

Table 1: Leadership Team Responsibility on Strategic Initiatives (Team Lead indicated in bold)

Strategic Initiative	CEO / DCEO	Audit	Finance	HR/Safety and Security	IT	Maintenance	Marketing and Planning	Operations	Procurement	Rail	Special Transit Services
<b>Financial Sustainability &amp; Operational Cost Efficiencies</b>	X	X	<b>X</b>	X		X	X	X	X		
<b>Service Expansion &amp; Funding Growth</b>	X		X				<b>X</b>		X	X	
<b>Technology</b>	X	X	X	X	<b>X</b>	X			X	X	X
<b>Safety &amp; Security</b>	X			<b>X</b>	X		X	X	X		X
<b>Workforce Stability</b>	X		X	<b>X</b>				X			

Finally, as a mechanism for reporting progress to the Board, oversight by the CEO/DCEO and Directors of the Management Plan will involve:

- Monthly review by Senior Leadership Team;
- Quarterly progress report to the Board of Directors;
- Implement corrective action where tasks are not achieved, or achieved on time;
- Ensure that resources will be available when needed;
- Make adjustments to Strategic Actions if needed to achieve Strategic Initiatives.

The Management Plan for FY2019 demonstrates Omnitrans' commitment to ongoing collaboration with our Board of Directors and our partners—in particular, the San Bernardino County Transportation Authority (SBCTA).

## Strategic Initiatives for FY 2019

## Strategic Initiative 1 – Financial Sustainability & Operational Cost Efficiencies

**Objective:** Improve operational sustainability by evaluating and implementing innovative solutions and long-term funding strategies.

### Actions for FY2019

1. Design and contract the construction of Pipeline Fueling Infrastructure at “I” Street.
2. Develop a strategy and identify partners to begin implementation of solar energy and stored energy solutions.
3. Complete the grant-funded, near-zero engine repower project (on 63 buses.)
4. Advocate for funding to mitigate projected shortfalls in operational funding.
  - a. Partner with SBCTA to develop a consistent outreach plan designed to inform political and private stakeholders about Omnitrans projects and initiatives, as well as legislative and/or administrative challenges.

### Accountability Measures

1. 100% completion of design and contract award for Pipeline /fueling Infrastructure at “I” Street by Q3 (carry over from FY18)
2. 100% completion of RFI for alternative energy solutions by Q1; evaluate and select solutions by Q2, award contract for selected solutions by Q3
3. Award contract for near-zero engine re-power contract by Q2
4. 100% completion Advocacy Outreach Plan intended to mitigate projected funding shortfalls by Q4

### Supports Strategic Plan Goal

Finance - Optimize funding opportunities while maintaining fiscal stewardship.

### Outcomes and Performance Indicators

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicators	Strategic Plan Strategies
<b>Finance</b>	1. Increased diversification of funding sources	<ul style="list-style-type: none"> <li>• Reduced funding risk</li> </ul>	1.1 Create voice/Presence to advocate for new and different funding sources. 1.2 Capitalize partnerships that will expand long term funding.
	2. Increased sustainable funding sources	<ul style="list-style-type: none"> <li>• Renewable funding sources</li> </ul>	2.2 Leverage infrastructure assets to generate alternative revenue options.
	3. Improved grant management oversight	<ul style="list-style-type: none"> <li>• Balanced funding portfolio</li> <li>• Grant wins</li> </ul>	3.1 Invest in grant management (software) solutions.
	4. Improved operational efficiencies	<ul style="list-style-type: none"> <li>• Capital project ROI</li> </ul>	4.1 Improve the return on capital investments and its impact on ongoing operations.

*Leadership Team Members*

Lead: Director of **Finance**

Members: CEO/DCEO and Directors of Human Resources/Safety & Security, Maintenance, Marketing & Planning, Internal Audit, Operations and Procurement

## Strategic Initiative 2 –Service Expansion & Funding Growth

**Objective:** Expand service with sustainable funding to support current and long-term ridership growth.

### Actions for FY2019

1. Establish partnerships and agreements to support Arrow Rail service.
  - a. Execute Three Party Agreement with SBCTA and Metrolink.
  - b. Release Request for Proposals (RFP) and award contract for Operations and Maintenance of Equipment.
  - c. Identify funding for rail feeder service.
2. Partner with SBCTA staff to advance the West Valley Connector (WVC) Project, including Small Starts grant application.
3. Complete 2019-2025 Short Range Transit Plan (SRTP) which identifies both financially constrained and unconstrained service implementation plans.
4. Partner with city, county, and other stakeholders on opportunities to implement transit oriented development (TOD).
5. Invest in premium shelters to enhance customer amenities and safety.

### Accountability Measures

1. 100% completion of RFP for Operations and Maintenance contractor in Q2
2. 100% completion SRTP and Board approval by Q3
3. Number and value of grant opportunities collaborated on for TOD funding
4. Deploy premium shelters once design elements are finalized

### Supports Strategic Plan Goal

Service and Operations Goal – Improve and expand transportation service to our customers and community.

### Outcomes and Performance Indicators

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicators	Strategic Plan Strategies
Service and Operations	3. Improved intermodal connectivity	<ul style="list-style-type: none"> <li>• MOU’s with other transit agencies, cities, county and partners</li> <li>• Contract with other transportation providers, cities and counties</li> </ul>	3.2 Prepare for additional service modes (i.e., rail)  3.3 Improve mobility options for seniors and persons with disabilities through Consolidated Transportation Services Agency (CTSA)  3.4 Support jurisdictions in planning for transit-oriented development

### Leadership Team Members

Lead: Director of **Marketing and Planning**

Members: CEO/DCEO and Directors of Finance, Procurement, and Rail

## Strategic Initiative 3 – Technology

**Objective:** Introduce new technologies to optimize current processes and comply with new regulatory requirements.

### *Actions for FY2019*

1. Design Transit Asset Management System (TAM) to comply with Federal Transit Administration (FTA) regulation
  - a. Complete TAM Plan.
  - b. Evaluate and implement technology solution for TAM system.
    - i. Develop parts and asset inventory process to include forecasting and obsolete parts disposal.
  - c. Automate Maintenance Work Order process.
2. Develop strategy for meeting California Air Resource Board (CARB) requirement for Zero Emission Bus technology.
3. Optimize SAP functionality and utilization for procure-to-pay, e-recruitment, and electronic timekeeping.
4. Implement paratransit on-line booking software to improve efficiency and customer experience.
5. Finalize technology requirements for Arrow Rail Service.

### *Accountability Measures*

1. 100% completion of TAM Plan by Q4
  - a. 100% completion TAM Scope by Q1
    - i. Automate Work Order process / mobility functionality
    - ii. Forecasting
    - iii. Implementation inventory
    - iv. Obsolete parts disposal
2. 100% completion of Electrification Study complete for Zero Emission Bus technology including support infrastructure and impact to agency by Q4
  - a. Infrastructure requirements identified (with associated costs)
  - b. Agency plan for implementation along with impacts
3. Continue process optimization
  - a. Third Party E-recruitment system implemented by Q2
  - b. 100 % completion of the process to automate the Management Confidential Employee Timekeeping by Q3
  - c. Complete Paperless invoicing process and procurement process review by Q3
4. Paratransit on-line booking software implemented by Q3
5. Develop procurement plan for required systems and equipment for Arrow Rail Q1

### *Supports Strategic Plan Goals*

Service and Operations – Improve and expand public transportation service to our customers and community.

Technology – Increase capacity to provide new, innovative technology solutions and enhance existing ones.

Organizational and Workforce Excellence - Improve organizational systems to cultivate Omnitrans as an employer of choice.

*Outcomes and Performance Indicators*

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicators	Strategic Plan Strategies
<b>Service &amp; Operations</b>	3. Improved intermodal connectivity	<ul style="list-style-type: none"> <li>Contract with other transportation providers, cities and counties</li> </ul>	3.3 Improve mobility options for seniors and persons with disabilities through Consolidated Transportation Services Agency (CTSA)
<b>Technology</b>	1. Improved customer experience through new technology applications and services	<ul style="list-style-type: none"> <li>Customer technology utilization</li> <li>Time to implementation of new technology</li> </ul>	1.1 Partner with private industry to provide new, affordable technology applications and services. 1.2 Utilize customer input/pilot programs to prioritize new technology funding decisions.
	2. Improved efficiencies in business processes	<ul style="list-style-type: none"> <li>Worker productivity</li> <li>Average time to improve/implement new business processes</li> </ul>	2.1 Expand the use of technology to increase workplace efficiencies and reduce operational costs.
	3. Reduced fuel cost/greenhouse gas emissions	<ul style="list-style-type: none"> <li>Operational fuel cost</li> <li>Greenhouse gas emissions</li> <li>Facility energy cost</li> </ul>	3.1 Phase in new bus and non-revenue vehicle technology (CNG/electric). 3.2 Decrease facility energy cost through implementing energy efficient technologies.
<b>Organizational and Workforce Excellence</b>	3. Reduced staffing vacancies	<ul style="list-style-type: none"> <li>Electronic application process</li> </ul>	3.1 Simplify application process

*Leadership Team Members*

Lead: Director **IT**

Members: CEO/DCEO and Directors of Finance, Human Resources/Safety & Security, Operations, Marketing & Planning, Procurement, Rail, and Special Transit Services

## Strategic Initiative 4 – Safety and Security

**Objective:** Introduce new safety and security initiatives to achieve TSA Gold Standard.

### Actions for FY2019

1. Implement monthly safety campaigns to enhance the safety culture of the Agency.
2. Develop the training model to complete the Baseline Assessment for Security Enhancement of the TSA Gold Standard.
3. Conduct exercises/drills on the System Security Emergency Response Preparedness Plan to ensure Agency readiness.
4. Create a detailed plan for failover/recovery and operation during an incident involving loss of data/critical infrastructure, and ensure readiness.
5. Enhance current paratransit mobility securement devices for customer safety with new and improved mobility securement devices.
6. Submit entry for APTA Bus Safety and Security Excellence Award.
7. Enhance security posture by implementing new programs and initiatives to support customer safety and security on-board our vehicles and at our facilities.

### Accountability Measures

1. 100% completion of safety & security campaign topics for FY19 by Q1
2. 100% completion of training model by Q3
3. 30%% improvement in agency readiness via the After Action Reports
4. 100% completion of Failover/Recovery Plan in coordination with IT Department by Q4
5. Install Q-Pod securement systems by Q4 and 25% reduction number of paratransit incidents related mobility device securements by Q4
6. On time submission for APTA Bus Safety and Security and Excellence Award
7. Evaluate fare enforcement alternatives for bus and rail system and implement on-board fare enforcement by Q2
8. Evaluate and implement paid parking to offset additional security requirements

### Supports Strategic Plan Goals

Safety and Security – Develop and enhance an integrated, responsive safety and security system to protect customers, employees and assets.

### Outcomes and Performance Indicators

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicators	Strategic Plan Strategies
Safety & Security	1. Reduced customer incidents	<ul style="list-style-type: none"> <li>• Customer safety perception</li> </ul>	1.1 Improve public awareness of safety practices within the Omnitrans facilities and in service.
	2. Reduced employee claims	<ul style="list-style-type: none"> <li>• Employee claims</li> <li>• Employee incidents</li> <li>• Lost work days</li> <li>• Overtime paid</li> </ul>	2.2 Ensure accountability and adherence to established safety practices and operating procedures/regulations.
	3. Reduced vulnerability/threats to customer security	<ul style="list-style-type: none"> <li>• Safety/security incident reports</li> </ul>	3.1 Strengthen relationships with local law enforcement

			agencies to improve security posture. 3.3 Build one-on-one relationships with city leaders and staff to provide a more secure public transportation system in their respective communities.
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*Leadership Team Members*

Lead: Director **Human Resources/Safety and Security**

Members: CEO/DCEO and Directors of IT, Marketing & Planning, Operations, and Special Transit Services

## Strategic Initiative 5 – Workforce Stability

**Objective:** Improve workforce readiness to achieve stability and cost efficiencies.

### Actions for FY2019

1. Expand Leadership Development Academy (LDA) to include Manager and Supervisor tracks.
2. Provide opportunities for Interns for expanded workplace experiences to enhance their exposure to the transit industry.
3. Evaluate operational processes that impact Coach Operator overtime and improve personnel utilization.
4. Prepare for and conduct labor negotiations. Identify provisions in Coach Operator Collective Bargaining Agreement to improve cost efficiencies Coach Operator work environment.

### Accountability Measures

1. 30% of LDA “graduates” eligible to compete for Manager/Supervisor vacancies
2. 50% of class enrollment in Supervisor LDA Track to target enrollment
3. Number of interns placed in service
4. Reduce operator overtime by 10
5. Complete labor negotiations by Q3

### Supports Strategic Plan Goal

Organizational and Workforce Excellence - Improve organizational systems to cultivate Omnitrans as an employer of choice.

### Outcomes and Performance Indicators

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicators	Strategic Plan Strategies
<b>Organizational and Workforce</b>	1. Increased opportunities for advancement	<ul style="list-style-type: none"> <li>• Leadership Action Program Advancement/Training participation vs. opportunities</li> <li>• Number of promotions</li> </ul>	1.1 Expand our training program.  1.2 Create career advancement/succession program.
	3. Reduced staffing vacancies	<ul style="list-style-type: none"> <li>• Average time to hire</li> <li>• Applicant data bank</li> <li>• Eligibility list</li> </ul>	3.1 Simplify application process. 3.2 Expedite hiring process. 3.3 Expand ready workforce.

### Leadership Team Members

Lead: Director of **Human Resources/Safety and Security**

Members: CEO/DCEO and Directors of Finance and Operations

ITEM #           E3          

**DATE:** April 4, 2018  
**TO:** Board Chair Ron Daily and Members of the Omnitrans Executive Committee  
**FROM:** P. Scott Graham, CEO/General Manager  
**SUBJECT: FINANCIAL WHITE PAPER**

**FORM MOTION**

Receive and forward to the Board of Directors as an information item.

**BACKGROUND**

On March 2, 2018 the draft Financial White Paper was presented to the Executive Committee for review and discussion. In addition, the draft document was also reviewed with San Bernardino County Transportation Authority (SBCTA) staff. This final draft reflects the agreed upon changes and considerations from these discussions.

**EXECUTIVE SUMMARY**

Omnitrans is in receipt of the Fiscal Year 2018-2027 revenue forecast from San Bernardino County Transportation Authority (SBCTA). The level of Omnitrans Local Transportation Fund allocation from SBCTA has been capped at a 3 percent growth rate between 2014 and 2020. SBCTA's most recent revenue forecast continues this 3 percent growth rate through FY2027. The SBCTA allocation to Omnitrans accounts for almost 70 percent of the revenue available to Valley-area operators.

SBCTA has indicated that continuing this 3 percent growth in LTF operating subsidy may not be sustainable if current revenue projections are realized. Therefore, Omnitrans will be working with SBCTA on funding strategies to bring funding projections in line with future operational needs prior to bringing the revised 2025 Short Range Transit Plan (SRTP) before the Omnitrans Board in late 2018.

The Agency is aware of the revenue uncertainties from State mandates and the changing economic environment. However, Omnitrans has continued to adapt to these conditions by significantly reducing costs through capital improvements and operational efficiencies to avoid service reductions. The information contained in this "white paper" provides detail regarding cost efficiencies implemented, rising operational costs, and an initial look at potential sources of revenue and funding strategies that may be considered and have been discussed with SBCTA staff.

As you know, Omnitrans is funded through a variety of local, state and federal funds, most of these revenues flow through, and are allocated by, SBCTA, including Measure I funds, Federal Transit Administration (FTA) 5307, State Transit Assistance Funds (STAF), and Local Transportation Funds (LTF); of these funding sources, the LTF accounts for nearly 50 percent of operating funds. (Attachment A).

Different types of funds at both the federal, state and local levels make up both operating and capital funding plans; however, regulations for each funding source generally dictate if the funding can be used for capital or operating purposes. Within transit, the industry generally calls this “color of money”. In today’s funding environment, capital dollars are more readily available than operating dollars. Additionally, many of the “newly available” sources, such as the Low Carbon Transit Operating Program (LCTOP), are to provide new services rather than to support operating existing services and are available only for operating an initial start-up period, which has been fluctuating but is currently at five years. With these color of money factors in mind, there is limited flexibility in moving funding from capital to operating.

### **Cost Efficiencies Implemented**

In 2013, following the completion of the Comprehensive Operational Analysis (COA) and prior to adoption of the OmniConnects 2015-2020 Short-Range Transit Plan (SRTP), Omnitrans was facing a \$2.4 million per year operating deficit. The primary driver of the deficit was that LTF revenues were estimated to grow at only 3% per year which was below the Agency’s projected cost escalation rates.

In order to close the deficit without impacting customers with an overall reduction in service, Omnitrans staff implemented a wide variety of cost cutting strategies, listed below. This was a challenge given that Omnitrans was already operating efficiently at 19% below the average hourly cost of peers within the American Bus Benchmarking Group (ABBG).

Cost efficiencies that were developed and implemented include:

- **Consolidation of four administrative departments** - combining Human Resources and Safety & Security; and, Marketing and Planning into two departments instead of four
- **Restructuring the Senior Leadership Team** - eliminating of the Chief Financial Officer, Director of Planning and Director of Safety and Security positions
- **Wages and Benefits** – administrative staff was placed on a four-year wage freeze and began paying 10% of the health care premium
- **Medi-Cal Reimbursement Program** - Omnitrans staff initiated a process to bill the state for the trips made by Medi-Cal eligible Access customers, generating approximately \$1.8 million annually
- **Change in Fuel Type for Access Vehicles** - transitioning the Access fleet from gasoline to lower cost Compressed Natural Gas (CNG)

- **Transition from trucked in Liquefied Natural Gas (LNG) to pipeline CNG** - savings generated by elimination of transportation costs of LNG and the inefficiency of converting LNG into CNG prior to dispensing
- **Participate in Low Carbon Standard Fuel (LSCF) Program** - Omnitrans purchases Renewable Natural Gas (RNG) in the CNG pipeline which allows for the sale of Cap and Trade credits, this generates approximately \$1.5 million annually
- **Federal Alternative Fuel Tax Credits** - Omnitrans was able to utilize four years of tax credits for LNG/CNG purchases during this time period that had since expired; in February 2018 this credit was retroactively extended with the Bipartisan Budget Act of 2018, this will generate approximately \$1.5 million annually
- **ATU and Teamsters Contract Negotiations** - both contracts were negotiated with average annual increased below 3% and both contracts require employees paying for a larger share of health care costs

Collectively these initiatives have saved approximately \$4.5 million per year. The additional savings offset the loss of fare revenue as ridership declined; driving fare revenue approximately \$1 million lower than originally anticipated. Additionally, in light of declining ridership and because the savings generated allowed for it, Omnitrans did not implement a planned fare increase in FY2017. Omnitrans current fare per boarding is \$1.75, which is above the average in the region. There was a concern that raising fares in the environment of declining ridership would result in further ridership decline.

This strategy may not be sustainable, as the Transportation Development Act (TDA) requires transit operators meet efficiency standards, such as 20 percent fare box recovery ratio, to remain eligible to receive funding. Senate Bill 508 amended these standards to allow transit operators to use local funding sources in this calculation. Absent this change, Omnitrans was falling below the 20 percent fare box recovery ratio, at 17.6 percent for FY 17 and 17.3 percent for the first six months of FY18. Using the amended standard for calculation, fare box recovery ratio for FY 17 and year to date for FY18 is approximately 26 percent.

In addition, Omnitrans also implemented cost neutral service changes that redistributed agency resources into more productive services. These include:

- **Eliminated OmniLink Service and redirected operating funds to Freeway Express Service** - The elimination of OmniLink, a low productivity general public dial-a-ride service that was duplicative with OmniGo and had flat ridership for several years, allowed for the seed funding for the development of Route 290 Freeway Express service between San Bernardino and Montclair, which has been Omnitrans second fastest-growing route over the last three years.
- **Reduced Route 2 service, the underlying local route of sbX, and moved operating resources to serve San Manuel Casino** - Shifting resources from the Route 2 to Route 1 allowed for an extension of the route to San Manuel Casino, which within a year became a top 20 Omnitrans bus stop in terms of ridership.

- **Straight-lined Routes in West Valley** - Omnitrans eliminated route duplication and straight-lined routes allowing for faster service and expansion of service in West Valley.
- **Ontario International Airport Service** - Omnitrans shifted Route 80 service into the airport with no additional operating cost coinciding with local control of the airport. Omnitrans also shifted Route 61 service into the airport, which was funded by an increased LTF allocation by SBCTA.

These changes have delivered some of the only areas of ridership growth within Omnitrans services over the last three years. Following the implementation of the cost controls and service changes, Omnitrans is now in the lowest cost quartile for operating cost per hour within ABBG and operates with costs 24% below the peer group average.

SBCTA has recognized Omnitrans' cost effectiveness through two key structural changes. In 2015, SBCTA designated Omnitrans the Consolidated Transportation Services Agency redirecting the designation from Valley Transportation Services (VTrans). This shift occurred because SBCTA believed that Omnitrans could deliver more service through cost efficiency. Following the consolidation of VTrans and Omnitrans, Omnitrans has proven this to be true saving approximately \$500,000 in the first year. Similarly, SBCTA has designated Omnitrans as the operator of Redlands Rail/Arrow as SBCTA studies indicated that Omnitrans would deliver the operations of the project more cost effectively than other alternatives considered and would ensure a seamless connectivity between transit modes.

### **Rising Operational Costs and Upcoming Challenges**

While Omnitrans has effectively managed operating costs the last several years with a tightly constrained budget, it will become increasingly difficult to keep cost growth at this rate through 2027.

Some the cost drivers that Omnitrans anticipates in the upcoming years include:

- **Benefit Costs** - Premiums have been increasing 6-8% per year. Omnitrans has mitigated cost increases by negotiating employees pay a higher share.
- **Wages** - Omnitrans neighboring transit agencies have issued contracts offering 4% wage increases per year, while Omnitrans has negotiated between 2.75% and 3% per year following a three-year contract with 0% increases for all three years. This challenge is exacerbated by the ongoing increases in the state minimum wage, which puts significant pressure on wages for the contracted paratransit drivers under the Access contract.
- **Coach Operator Shortages** - As a result of the low unemployment rate in San Bernardino County (3.9% as of December 2017 according to the State of California Employment Development Department), wage pressure will continue to grow. This has been evidenced by difficulty attracting, hiring and retaining Coach Operators.

- **Attracting and Keeping High Quality Managers and Directors** - 80 percent of Omnitrans Senior Leadership Team is anticipated to retire within the next five years. Recent and open recruitments have clearly demonstrated that Omnitrans salary ranges for higher level management positions are below peers. Historically, Omnitrans was able to hire qualified staff within from the minimum to mid-point in the salary range. In trying to recruit for department directors, qualified candidates are demanding top of scale or above scale. With the turnover expected, Omnitrans must attract top talent in order to deliver continuity of service. Omnitrans is trying to mitigate these costs by implementing a new succession planning strategy with the Leadership Development Academy.
- **Proposed Innovative Clean Transit Regulation (Zero Emission Bus Rule)** - Proposed state regulations will require 25% of new bus purchases after 2020 meet zero emission requirements. This will have significant capital, facility and electric costs. Omnitrans will evaluate the use of solar energy and solar storage solutions to mitigate some of these cost increases.
- **Access Contract** - Measure I provides a dedicated funding source (Senior and Disabled) for Access Paratransit service costs. However, between FY2015-2020 Access costs were \$2.1 million to \$3.0 million in excess of this funding allocation. As a result, LTF funding was used to fund the shortfall. The Access contract is currently in the procurement process and the bids received indicate that costs will rise in the range of \$1.5 to \$3 million per year, primarily due to the changes in the State minimum wage laws. SBCTA is recommending passing through 100 percent of the Senior and Disabled funding available, this will increase Omnitrans future allocation by approximately \$2 million per year, however there will still be a funding shortfall requiring continued use of LTF money to cover the full cost of the program.
- **Low Carbon Transit Operations Program (LCTOP) Funding/Express Bus Service** - Omnitrans launched new Express Bus Service in 2015 with LCTOP funding. This funding is intended to serve as “start-up” funding for new or expanded services that demonstrate Green House Gas (GHG) reductions. As these projects become part of the baseline transportation network, other funding sources must be identified to replace the LCTOP funds as over time the services no longer represent a net GHG reduction. As a result, an alternate funding source must be identified to sustain these services.

### **Future Service Demand**

Based on SCAG population forecasts, the Omnitrans service area population will grow at a rate of approximately 1% per year. Since much of this growth is occurring in open fields rather than in fill development, Omnitrans resources will be stretched. Routine requests for additional services have come to extend service to outlying areas of Highland, Redlands, Rialto, Fontana, Rancho Cucamonga, Ontario, Chino and Chino Hills. Omnitrans also receives regular requests for more frequent service on existing routes to help promote Transit Oriented Development (TOD) growth opportunities and encourage higher density development, particularly in the West Valley. This population growth and business development may generate demands for additional service, not just a restructuring of service.

While the cost to operate Redlands Rail/Arrow and West Valley Connector will be funded by SBCTA out of Measure I programs dedicated to rail and BRT expansion, in order to maximize the transit investment being planned, Omnitrans will need to evaluate strategies to provide feeder service. Whether Omnitrans delivers this potential service with traditional bus service, innovative microtransit solutions or partnerships with private providers, there is a cost associated with the feeder service. Additionally, two SCAG led studies (the Intercounty Study and Customer-Based Ride Sharing Study) have identified the need for higher frequency service on core north-south services in West Valley. Customer feedback as well as general public feedback continues to support this with the focus on higher frequency and higher quality service as the most important improvement to retain current and attract new riders.

### **Potential Funding Sources**

- **SB 1 Funding:** These gas tax and related funding sources can flow to Omnitrans in the form of stabilized State Transit Assistance funds and the new State of Good Repair funding. Should these funds become available, consideration should be given to maximizing the allocation of these funds to Omnitrans. Omnitrans and SBCTA staff will coordinate on eligible and potential uses of these funds; however the eligibility for operations is limited.
- **Local Transportation Fund (LTF):** Between 2013 and 2017, sales tax revenue in San Bernardino, which drives LTF growth, grew at 5.2% per year, exceeding the 3% LTF growth rate programmed for Omnitrans. However, over the 10-year period from 2008-2017 the average growth rate was 1.94 percent. In planning and programming for future years, Omnitrans recognizes the uncertain long term cycles of the economy and must plan accordingly. The LTF projection prepared for SBCTA by a consultant shows an average growth in LTF of 2.5 percent through 2027 and 3.4 percent through 2040; therefore the capacity to increase LTF over the long-term is limited.
- **Federal 5307 Funds:** These funds flow from the Federal Transit Administration (FTA) and can be used for capital and certain operating costs. SBCTA receives these funds in separate apportionments for rail and bus. As established in the COA, Omnitrans regular allocation of 5307 funds from SBCTA has remained at \$16.9 million per year with a one-time additional allocation of \$3.8 million in 2017. In looking at actual 5307 apportionments for bus over that time period, this exceeds the bus apportionment by \$6.8 million as of 2018. SBCTA and Omnitrans will work together to determine short-term needs between bus and rail and to develop a plan to balance those allocations over time. Omnitrans currently maximizes the Federal funds that can be used for operating expenses such as preventive maintenance, therefore, increases in this revenue source would only support on-going capital requirements.
- **Measure I Reauthorization or Other New Sales Tax Measures:** Although Measure I does not sunset until 2040, as SBCTA works on developing a reauthorization plan, or a concurrent sales tax measure, Omnitrans suggests that consideration be given to including dedicated funding for general transit operations. A set aside would provide a reliable funding source.

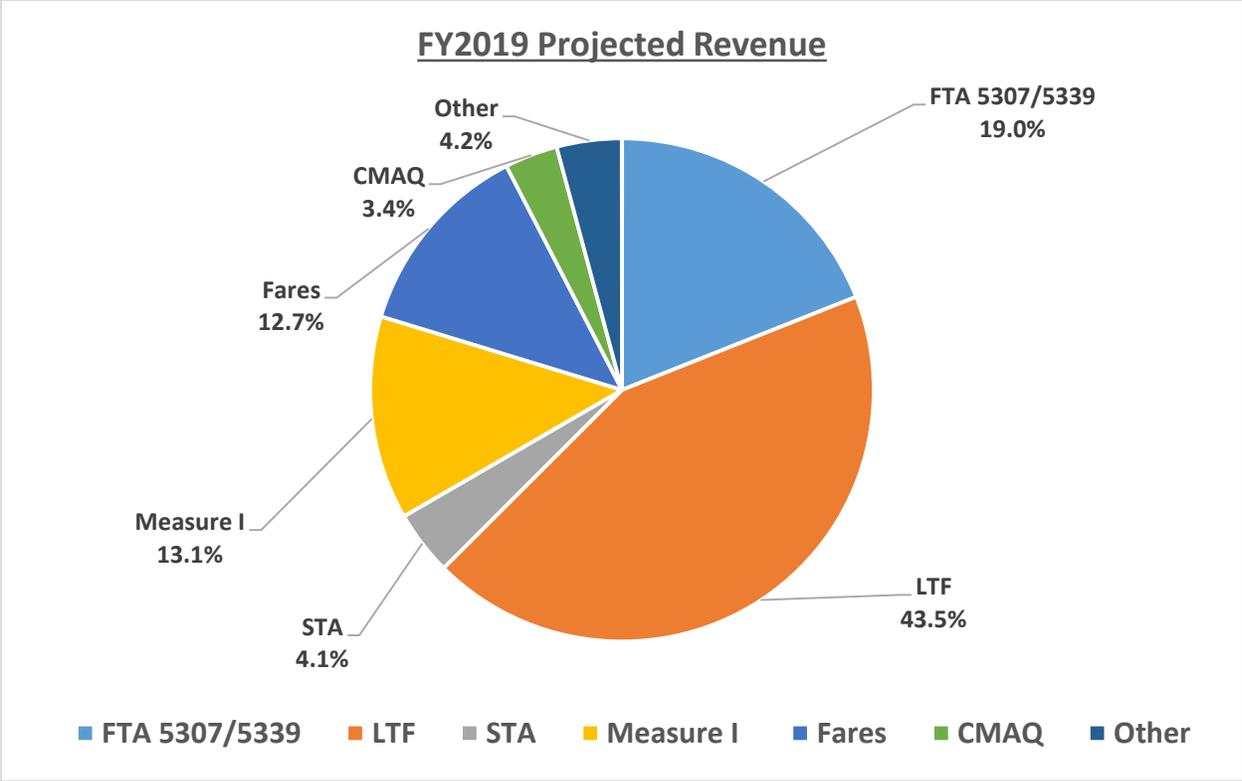
- **Fares:** Omnitrans will also seek to increase fares approximately every three years between 2019 and 2025. Given that Omnitrans has the highest base fare amongst neighboring agencies, Omnitrans is not seeking to increase fares in the upcoming year.

## **CONCLUSION**

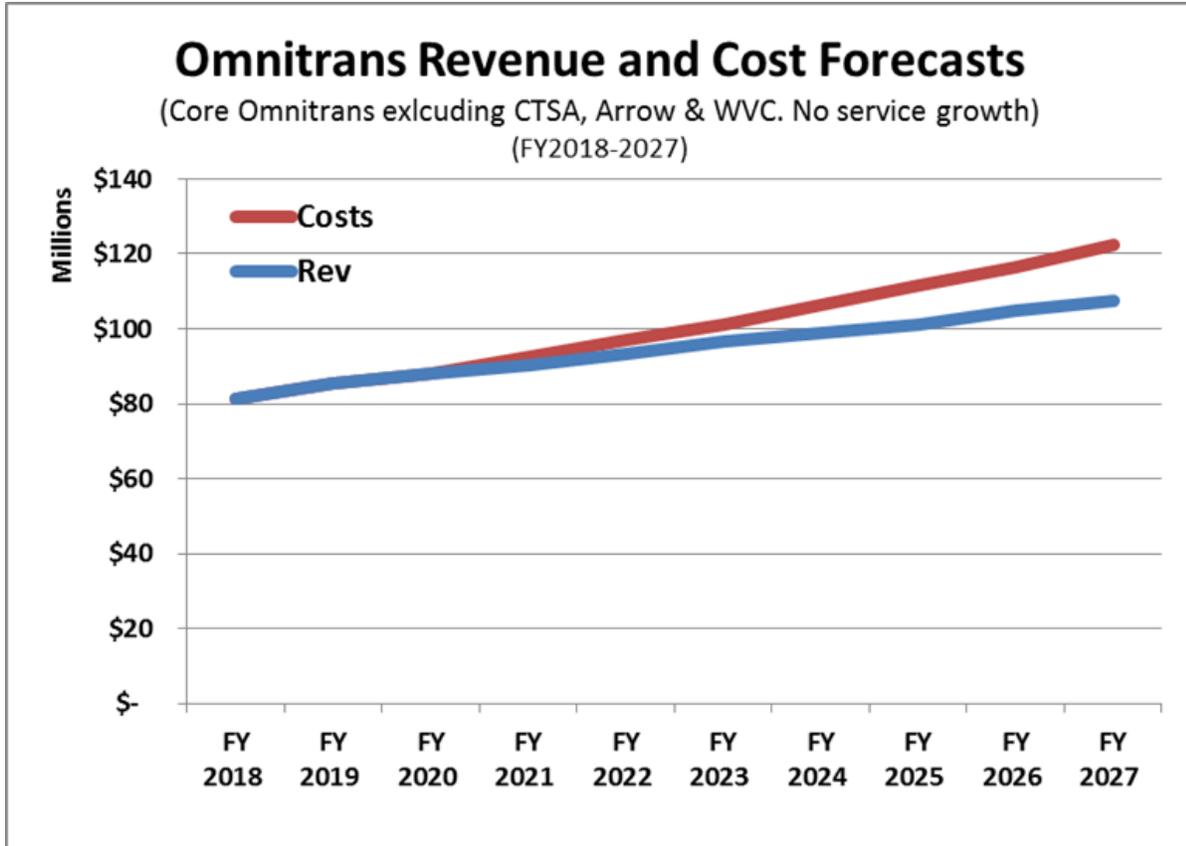
Based on current budget assumptions, Omnitrans will deliver a balanced budget plan for Fiscal Year 2018-2019. However, the recent revenue Local Transportation Fund (LTF) forecast conducted by an independent consultant firm indicates the three percent LTF funding growth through FY2027 may be unattainable. Based on revenue and cost forecasts, it is unlikely Omnitrans will be able to continue to deliver balanced budgets without service reductions unless additional funding sources become available. Consequently, the proposed Management Plan for FY2019 continues to focus heavily on exploring/developing programs that can reduce operating costs; thereby providing funds to offset declining revenues as necessary. Omnitrans is financially sound for the short term; however, given the uncertain economic climate, it is critical for Omnitrans and SBCTA staff to work together to identify long-term, sustainable funding strategies.

PSG

# ATTACHMENT A



# ATTACHMENT B



ITEM #           E4          

**DATE:** April 6, 2018

**TO:** Board Chair Ron Dailey and Members of the Executive Committee

**FROM:** P. Scott Graham, CEO/General Manager

**SUBJECT: REINTRODUCE DISCUSSION ON SPECIAL LEGISLATION TO CHANGE OMNITRANS FROM A JOINT POWERS AUTHORITY TO A STATUTORILY CREATED SPECIAL TRANSIT DISTRICT**

**FORM MOTION**

1. Authorize Legal Counsel and the CEO/General Manager to work with the Executive Committee to pursue legislation to form Omnitrans Transit District.
  - a. Provide direction to Omnitrans' staff and legal counsel regarding the desire to pursue legislation in the first year of the 2019-20 Regular Session of the State legislative cycle to form Omnitrans Transit District, a special transit district, which would take on the powers and obligations of the current joint powers authority;
  - b. Direct Omnitrans staff and legal counsel, if desired, to update, revise and finalize a draft of the proposed legislation.
  - c. Be prepared to engage in the process of locating a bill sponsor and/or author in early November, 2018 (after November 6 election).
2. Direct the CEO/General Manager and Legal Counsel to work with the San Bernardino County Transportation Authority (SBCTA) to develop a Memorandum of Understanding (MOU) for the purpose of setting forth the understanding and agreement that Omnitrans will not exercise any taxing authority which may be included under its formation legislation provided that dedicated funding for Omnitrans transit operations is included by SBCTA in concurrent or future tax measures.

**BACKGROUND**

On February 3, 2017, at the regular meeting of the Omnitrans Executive Committee, the Committee conducted a review of the Omnitrans governance structure and risk mitigation options related to Omnitrans' new role as manager of the contract that will provide for the operations and maintenance of the Redlands Passenger Rail Project (RPRP) rail service; the "Arrow".

Following this review, the Executive Committee determined that changing the structure of Omnitrans from a joint powers authority to a statutorily created entity would be the most effective means of eliminating potential tort liability to member entities of the Omnitrans joint powers authority. The Executive Committee determined that it would be in the best interest of the member entities of Omnitrans to move forward with the process of creating Omnitrans as a special transit district under Division 10 of the Public Utilities Code. It should be noted that there is no intention to change the number of entities; the composition of the Board will remain the same.

Based on the timing of the discussions in the 2017-2018 legislative cycle, it was determined that there was still sufficient time to obtain a spot bill by the February 17, 2017 deadline, and the Executive Committee directed staff and legal counsel to obtain a bill number. A spot bill and a bill author were successfully obtained. At the March 1, 2017 Board meeting, Omnitrans General Counsel Haviva Shane presented this item to the full Board seeking direction as to whether or not to proceed with developing statutory legislation to create a transit district.

A concern was raised by SBCTA Executive Director, Ray Wolfe, regarding Omnitrans retaining taxing authority, which is included as part of the JPA. The Board engaged in a discussion and there was concern expressed from several Members regarding Omnitrans relinquishing a power held under the JPA. The consensus was to move forward with the recommendation to direct Legal Counsel to pursue legislation to form Omnitrans Transit District, with the added direction that an MOU be presented to both SBCTA and Omnitrans Board of Directors stating that both agencies will work together and Omnitrans will not compete for a special tax.

This item was brought back to the Board at the April 5, 2017 meeting. Omnitrans General Counsel, Haviva Shane, presented proposed legislation (AB 548) to create Omnitrans Transit District and asked for further direction from the Board. After a lengthy discussion, the Board decided to suspend the process until the issues were resolved and there was consensus and clear direction moving forward.

Omnitrans staff is currently working with SBCTA and Metrolink staff on a developing a three party agreement that defines the roles and responsibilities of each agency as it relates to the Redlands Passenger Rail Project (RPRP) the “Arrow” service. In addition, the Chairman of the Board formed a Rail Ad Hoc Committee to review this agreement and other matters related to the RPRP. As part of discussing liability, insurance and indemnification in the context of the three party agreement, staff and legal counsel began revisiting the issue of protecting the JPA members from potential liability. In response, staff is bringing back the discussion regarding formation of Omnitrans as a legislatively created transit district for renewed consideration.

## **CONCLUSION**

If directed by the Board, staff and legal counsel will work with SBCTA with the goal of developing an MOU providing that Omnitrans will not execute any taxing authority that may be included in its authorizing legislation, provided that SBCTA includes dedicated funding for Omnitrans transit operations in concurrent or future tax measures. In addition, if directed to do so, Omnitrans staff and Legal Counsel will update and finalize a new draft of the legislation for

consideration by the Executive Committee, and submittal to the Board for final approval. The goal is to have the final version of the legislation reviewed and approved by the Board no later than the November Board meeting, in order to be ready to start discussions with potential bill sponsors and/or authors in early November.

If the Board does not desire to move forward with a bill in 2019 (the first year of the 2019-2020 legislative cycle), the effort to form Omnitrans as a statutory entity can instead be initiated, at the State level, at the end of 2019.

PSG