NORTH CENTRAL REGIONAL TRANSIT DISTRICT
FINANCE SUBCOMMITTEE

May 26, 2017
9:00 AM - 11:00 AM

Executive Conference Room
1237 N. Riverside Drive
Espanola, NM 87532

CALL TO ORDER:

Roll Call:

ITEMS FOR DISCUSSION/RECOMMENDATION

A. Fiscal Year 2018 Compensation Plan and Performance Increase Matrix
   Sponsor: Anthony Mortillaro, Executive Director and Dora Anaya, Human Resources Director
   Attachment

B. Revised District’s Investment Policy
   Sponsor: Anthony Mortillaro, Executive Director and Troy Bingham, Finance Director
   Attachment

C. Minutes from April 28, 2017
   Draft Minutes

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

If you are an individual with a disability who is in need of a reader, amplifier, qualified Sign Language interpreter or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-629-4702 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.
Memorandum

To: Finance Subcommittee
From: Anthony J. Mortillaro, Executive Director
CC: Troy Bingham, Finance Director and Dora Anaya, Human Resources Director
Date: May 16, 2017
Re: FISCAL YEAR 18 COMPENSATION PLAN AND PERFORMANCE INCREASE MATRIX

Background: In Fiscal Year (FY) 2014 and 2015 the district budgeted for 3.5% increases in compensation and pay indexed benefit costs. In FY 2016, the Compensation Plan included a 3% overall budgetary impact in compensation costs, an adjustment of some pay ranges and reclassification changes that were outlined in the Budget summary. In FY 2017, the Compensation Plan included a 3% overall budgetary impact in compensation costs and an adjustment of pay ranges pursuant to the Market Study that was reviewed by the Finance Subcommittee in January 2016. Some of the modifications in pay ranges resulted in adjustments to individual employees’ salaries that occupied those classifications. For FY 2018, the budget as proposed includes a 3% overall budgetary impact in compensation costs and development of a new compensation range for the position of Transit Vehicle Electronics Technician.

The District ascribes to a pay for performance system for non-represented employees. The recommended FY 18 Performance Increase Matrix remains the same as for this current fiscal year and continues to provide for a differentiation of performance increases tied to certain performance scores. The performance score segments correspond to the Districts computerized performance system which utilizes a 1-5 rating criteria. As a result, those employees whose score is indicative of truly meritorious performance would receive a greater increase than those whose performance is not as ambitious. An employee receiving a score of less than 3.0, which means that they are either partially meeting expectations or in need of improvement will not be eligible for a performance adjustment.

The Collective Bargaining Agreement (CBA) increase in FY 2018 provides for a 2.7% adjustment across the board for all positions covered by the CBA.

Following are the applicable sections of the Personnel Rules and Regulations regarding compensation:

3.7 Compensation Policy.

A. Compensation for District Employees shall be equitable and competitive with the market and in accord with the District’s ability to pay.

B. It is the policy of the District that any comprehensive Compensation plan, for all Classifications of the District is subject to and limited by the availability of funds as determined by the Board. The Board shall be the final arbiter of available funds.
B. An Employee working 40 hours, minimum, per week is eligible to receive full benefits. An Employee working not less than 21 hours and nor more than 39 hours per week is entitled to partial benefits on a pro rata basis.

3.8 Preparation of the Compensation Plan—Pay Ranges.

A comprehensive Compensation plan for all Classifications in the District shall be prepared under the direction of the Executive Director. The Compensation plan shall take into consideration experience in recruiting for positions for the District, prevailing rates of pay in comparison to similar services in public and private employment (to the extent that such data is available), cost of living, and other benefits received by District Employees, and the District’s financial condition and ability to pay.

3.9 Adoption of the Compensation Plan.

The Compensation plan (whether a part of a Compensation and Classification policy or otherwise) shall be adopted by resolution of the Board.

3.10 Revision to the Compensation Plan.

The Compensation plan may be revised upon the recommendation of the Executive Director and the approval of the Board.

3.11 Administration of the Compensation Plan.

A. The approved Compensation Plan shall constitute the official schedule of pay for all Classifications in the District to which such Compensation plan is applicable. The rates of pay for all persons in the District shall be approved by the Executive Director and no pay shall be approved unless it conforms to the approved Compensation plan.

B. No Employee in the District shall be paid less than the minimum nor greater than the maximum of the pay Range for the Classification as fixed by the Compensation plan unless otherwise provided for in these Rules.

C. The entry pay of any Employee of the District shall be the minimum pay in any applicable pay Range, unless a higher rate, in-grade hire, is authorized by the Executive Director because of the Candidate’s exceptional qualifications, difficulty in recruitment, or other valid reason.

D. Increases in pay within the pay Range shall be based upon performance and shall require the approval of the Executive Director. Supervisors and the Executive director shall consider an Employee’s compliance with District policies and procedures, job performance, competence and job knowledge when evaluating any increase in pay of an Employee.

3.14 Performance Based Increases.
A. Performance increases shall not be granted on an automatic basis but shall be granted upon the demonstrated quality of an Employee’s performance, subject to the availability of funding.

B. Exempt, Classified and limited term Employees whose performances are average or above average, may be granted a performance increase. Any limitations for such increases shall be approved by the Board, and shall be further limited by the pay permitted to the Classification. Periodic performance evaluations may be performed as needed. Management may in its discretion perform performance evaluations at any time but shall generally perform evaluations one (1) year from the most recent of:

1. Rehire or re-employment
2. Initial employment
3. Promotion.

C. Generally, performance increases shall only be considered annually. Any period of leave without pay in excess of thirty (30) Days shall not be credited as continuous service in calculation of this annual period. Service in emergency or limited term, or temporary status, when followed without a break in service by probationary employment to the same Classification, will be credited toward calculation of this annual period.

D. The Executive Director may authorize a pay increases within the Range permitted for a Classification as an incentive for the retention of exempt, Classified and limited term Employees who are offered employment outside of the District to retain them in their current positions. The following will be required:

1. The District must have satisfactory proof of an outside job offer.
2. Any pay increase shall be prospective, not retroactive and pay shall never be provided in advance of work performed.
3. Before receiving a pay increase for retention, an Employee must sign a written agreement to complete a specified period of service with the District.

E. The Executive Director may authorize a pay increases within the Range permitted for a Classification as an incentive for the retention of limited term “seasonal” Employees who return to work in subsequent seasons. The following will be required:

1. The District must be satisfied that the limited terms Employee’s prior work was satisfactory and that the rehiring of the Employee is a benefit to the District because of the Employee knowledge and training regarding District operations.
2. Any pay increase shall be prospective, not retroactive and pay shall never be provided in advance of work performed.

3.18 General Wage/Pay Adjustments.
It is the intent of the District to consider prevailing practices related to cost of living and market trends in establishing wages and salaries which constitute any formal Compensation plan. Any change in Compensation will ultimately be based upon the anticipated affect(s) upon the District budget. The Executive Director, based upon Board of Director’s approval, will make final determinations of any changes regarding Compensation. If general, across-the-board, adjustments in Compensation are approved for District Employees, then the change will be effective on a date determined and approved by the Board of Directors. General adjustments in Compensation are separate and distinct from merit based adjustments to Compensation. General adjustments may affect the Compensation plan only, potentially shifting the pay of all Employees in relation to the midpoint without changing individual Compensation.


Adjustments to any Compensation plan may be determined periodically through analysis of market trends in comparison to cost-of-living (COL). The District may utilize either market survey results or cost-of-living index data (federal) or a combination of both. If the District’s Board approves an adjustment to a Compensation plan, all Employees, except those being red circled (frozen for having reached the top of their pay scale), shall receive the benefits of such general COL adjustments to the pay plan unless such Employees are represented by a union and such adjustments, if any, are governed by a collective bargaining agreement.

In determining the total Compensation value of the position, benefits and changes to overall costs of the District from Employer contributions must be considered. Base pay plus all employer cost of benefits constitutes total Compensation. In comparing benefit packages provided in the labor market, the District may evaluate both level and cost of benefits or other factors as deemed appropriate.

**Recommendation:** It is suggested that the Finance Subcommittee discuss the Compensation Plan and Performance Increase Matrix and recommend forwarding them to the Board for adoption. The recommendations contained herein are compliant with the Personnel Rules and Regulations governing the District’s Compensation Policy.

**Attachments:**
- Compensation Plan – Non-Represented (FY18)
- Performance Increase Matrix (FY18)
- CBA Compensation Plan – Represented (FY 18)
<table>
<thead>
<tr>
<th>Job Title</th>
<th>Minimum</th>
<th>MidPoint</th>
<th>Maximum</th>
<th>FSLA Status</th>
<th>Job Code</th>
<th>Department</th>
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<td>Operations</td>
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<td>$83,991</td>
<td>$100,790</td>
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<td>140</td>
<td>Administration</td>
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<td>Transit Planning, Projects and Grants Manager</td>
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<td>Executive Assistant **</td>
<td>$42,138</td>
<td>$52,672</td>
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<td>Fleet Mechanic</td>
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<td>Transit Vehicle Electronics Technician</td>
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<td>Facilities Maintenance Specialist</td>
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<td>$44,337</td>
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<td>Administrative Specialist</td>
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<td>Custodian</td>
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<td>$34,038</td>
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<td>Operations</td>
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**At will positions
## Performance Score

<table>
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<tr>
<th>Performance Score</th>
<th>&lt;3</th>
<th>3.00-3.25</th>
<th>3.26-3.5</th>
<th>3.51-3.75</th>
<th>3.76-4.00</th>
<th>4.1-4.25</th>
<th>4.26-5.00</th>
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<td>Needs Improvement</td>
<td>0.00%</td>
<td>2.00%</td>
<td>2.25%</td>
<td>2.50%</td>
<td>3.00%</td>
<td>3.50%</td>
<td>4.00%</td>
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<td>Valued Performer</td>
<td>Contributor</td>
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<tr>
<td>High Performer</td>
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## Performance Adjustment

Employee pay rate below pay plan maximum. Increases are added to the base pay.

<table>
<thead>
<tr>
<th>Performance Adjustment</th>
<th>0.00%</th>
<th>2.00%</th>
<th>2.25%</th>
<th>2.50%</th>
<th>3.00%</th>
<th>3.50%</th>
<th>4.00%</th>
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<tr>
<td>Needs Improvement</td>
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<tr>
<td>Valued Performer</td>
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<tr>
<td>High Performer</td>
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<tr>
<td>Unacceptable</td>
<td>Acceptable</td>
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## Performance Recognition - One Time Salary Distribution

Employee pay rate at or above maximum. Award treated as a one time distribution and not added to the base pay.

<table>
<thead>
<tr>
<th>Performance Recognition</th>
<th>0.00%</th>
<th>2.00%</th>
<th>2.25%</th>
<th>2.50%</th>
<th>3.00%</th>
<th>3.50%</th>
<th>4.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs Improvement</td>
<td></td>
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<tr>
<td>Valued Performer</td>
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<tr>
<td>High Performer</td>
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<tr>
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## Evaluation Form Performance Ratings and Numerical Score:

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<th>Performance Rating</th>
<th>Score</th>
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<tr>
<td>Valued Performer</td>
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<tr>
<td>Contributor</td>
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<tr>
<td>Needs Improvement</td>
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<tr>
<td>Unacceptable</td>
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### Wage Scale effective July 1, 2017 thru June 30, 2018

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<th>MINIMUM</th>
<th>MIDPOINT</th>
<th>MAXIMUM</th>
<th>JOB TITLE</th>
<th>MINIMUM</th>
<th>MIDPOINT</th>
<th>MAXIMUM</th>
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<td>$33,037</td>
<td>$39,644</td>
<td>$46,252</td>
<td>Lead Customer Service Representative II/Driver II</td>
<td>$15.88</td>
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<td>$32,550</td>
<td>$39,060</td>
<td>$45,571</td>
<td>Transit Driver III/Lead</td>
<td>$15.65</td>
<td>$18.78</td>
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<td>$32,078</td>
<td>$38,493</td>
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<td>Customer Service Representative II/Transit Software Specialist</td>
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<td>Customer Service Representative II</td>
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<td>$30,399</td>
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<td>$29,713</td>
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<td>Customer Service Representative I</td>
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<td>$29,092</td>
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<td>$40,730</td>
<td>Transit Driver I</td>
<td>$13.99</td>
<td>$16.79</td>
<td>$19.58</td>
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Memorandum

To: Finance Committee
From: Troy Bingham, Finance Director
Thru: Anthony J. Mortillaro, Executive Director
Date: May 26, 2017
Re: Revised District’s Investment Policy

Background: The NCRTD last updated the District’s Investment Policy in June 2016 to allow authorization of brokered CD’s for investment. Since that time, the District has moved investments to more brokered CD’s in an effort to obtain a better rate of return as compared to local credit union and bank CD that were under performing for the District. This change has yielded a larger return closer to 1% for brokered CDs, but the overall portfolio is still only achieving 0.56% rate of return.

Current Investment Strategy:
All funds be diversified according to the following percentage allocations:

- 20-25% of available funds are in the LANB checking account and the LGIP to insure liquidity/availability within 24-48 hours
  - Savings and Checking account LANB at 12% of budgeted revenue (less Use of Fund Balance)
  - LGIP investment pool has the remaining 10% of available funds.

- 75-80% of available funds are in government insured treasuries or CD’s that have a higher yield and the same security but less liquidity at a term of 12 months or less

Safety:
- All CD’s are at Banks/Credit Unions
- Investments not at LANB are fully insured by the FDIC/NCUA because they are less than $250,000
- CD’s at LANB are collateralized at 102%

Liquidity:
- Average balance in the LANB Checking Account for FY2017 was $1,470,713.57
• LGIP has $10,295.77 and is available within 24-48 hours in the LANB Checking Account
• CD’s are all one year terms
• At least $250,000 of one-year CD’s expire monthly
• Average length of maturity for the portfolio is 8.4 months

Yield
• 30% of investments are in LANB Checking Account that earns 0.05%
• <1% of investments are in the LGIP that earns 0.45% on average
• 69% of investments are in CD’s with the 0.50% as the lowest rate of return and 1.00% for the highest rate of return
• Our total rate of return for the investment portfolio as of March 31, 2017 was 0.56%
• Budget to earn $30,000 in investment revenue in FY2017

New Investment Strategy:
All funds be diversified according to the following percentage allocations:

• Minimum of 14% of available funds are in the LANB checking account and the LGIP to insure liquidity/availability within 24-48 hours
• Savings and Checking account LANB at 7% of budgeted revenue (less Use of Fund Balance)
  - Maximum of 86% of available funds are in government insured treasuries or CD’s at $245,000 to $250,000 increments
    - Strive for yields closer to the same security but with less liquidity
    - Terms of maturity of each investment should not exceed 24 months

Safety:
- All local and brokered CD’s are at Banks/Credit Unions that are insured by the FDIC/NCUA, and balances are less than $250,000

Liquidity:
- The balance in the LANB Checking Account should be approximately 7% of budgeted revenues (less use of cash reserves)
- LGIP and LANB Checking together should not exceed 14% of the invested funds
- Average maturity of the portfolio should not exceed 18 months
- At least one CD’s expiring monthly

**Recommendation:**

It is recommended that the Finance Committee discuss and review the information about the new investment policy and new proposed investment strategy. The staff further recommends the following changes for discussion and review for final recommendations to the Board on June 2, 2017:

**Attachment:**
- Financial Policy #6 - Investment Policy (Redlined)
Purpose

The Investment Policy described herein is designed to provide a comprehensive framework for the management of resources for the North Central Regional Transit District (NCRTD). They provide guidelines for decision making by the NCRTD Board and management on how financial resources shall be utilized to fulfill the mission of the transit system, meet obligations and protect the public interest.

Objectives:

- Cost effective allocation and use of NCRTD financial resources in achieving the Districts mission.
- Compliance with applicable Federal and State laws, regulations and guidelines governing transit funding.
- Use of sound business and accounting practices in managing NCRTD financial affairs.
- Consistent financial practices, operational efficiencies and best practices.

Investment Policy

It is the policy of the NCRTD to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow
demands of the District and conforming to all state statutes governing the investment of public funds.

**Delegation of Authority**

Responsibility for the management of the District’s investment portfolio is delegated to the District’s Finance Director by the Executive Director. The District’s Finance Director will establish and maintain written procedures for the operation of the cash management and investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director.

**Prudent Person Rule**

Investments on behalf of the District will be made in accordance with the “prudent person” rule; i.e. investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**Scope of Policy**

Unless otherwise noted, this investment policy will apply in its entirety to all monies of the District over which it has direct control as well as those funds that the District is responsible for as custodian and/or trustee.

**Investment Objectives**

The District seeks to balance three primary objectives for its cash portfolio:

- Maintaining sufficient liquidity to meet financial obligations;
- Earning a market rate of return (subject to permitted investment constraints); and
- Diversifying investments among asset classes to ensure safety of principal.

The liquidity goal is achieved by matching investment maturities with the expected timing of obligations. Attainment of a market return is measured by benchmarking the portfolio against a relevant market index. Diversification (safety) is accomplished through implementation of a strategic asset allocation, derived from modern portfolio theory concepts.

**Performance Standards**
The Districts’ objective is to obtain a market average rate of return throughout budgetary and economic cycles that corresponds with invest risk constraints and cash flow needs.

The Districts investment strategy is passive. Given this strategy, the Finance Director shall determine whether market yields are being achieved by comparing the average District portfolio yield to the 1 year U.S. Treasury Bill or the treasury security that most closely matches the duration of the portfolio.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and officials who are involved in investing public funds or have the authority to decide how public funds are invested shall disclose to the District Board any material financial interests in financial institutions that conduct business within the Districts jurisdiction, and they shall further disclose the conduct of personal business with, receipt of pecuniary benefit from, or financial interest they have in any entities in which investments are being made.

1. Permitted Investments (any investment not mentioned herein is prohibited)

i. Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or certificates or receipts established by the United States government or its agencies or instrumentalities representing direct ownership of future interest or principal payments on direction obligations of, or obligations fully guaranteed by, the United States of America or any of its agencies or instrumentalities, the obligations of which are backed by the full faith and credit of the United States.

ii. Insured cash accounts, certificates of deposits with banks and credit unions, brokered certificate of deposits provided that the collateral securing the investment permitted by this paragraph, are secured by the FDIC and NCUA or collateralized by the bank per the requirements stated in paragraph 3.

iii. Bonds or securities of the State of New Mexico or of any agency or political subdivision or school district thereof which has a taxable valuation of real property for the last year of at least one million dollars and has not defaulted in the payment of interest or sinking fund obligation or failed to pay any bonds at maturity at any time within five years preceding the date of investment.

iv. The “short-term investment fund” described in Section 6-10-10.1 N.M.S. A. 1978 or other similar pooled funds maintained by the State of New Mexico for the investment of public funds of the local public bodies of the state.

v. Shares of pooled investment funds managed by the state investment officer, as provided in Subsection (G) of Section 6-7-8 NMSA 1978.
vi. Any other investment permitted at the time of the investment by a statue of the State of New Mexico for public entities.

2. Funds available for investment for more than one year, including monies appropriated to permanent and irrevocable trust funds may be invested as provided in Section 6-10-10.G NMSA 1978. The Investment Officer shall conduct a thorough investigation prior to investing in any pool or fund and on a continuing basis once an investment is made. Information gathered will include a written statement of policy and objectives, eligible securities, interest calculation and distribution, securities settlement and safekeeping, handling gains/losses, audit opinions, and fee schedules and statements.

3. Collateralization

New Mexico state law require that all certificates of deposit, money market, checking accounts, and any other investments not backed by the full faith and credit of the United States Government, other than investments in the New Mexico State Investment Council long-term investment funds, be secured by pledged collateral of at least 50 percent of the current market value. The District will require 100% collateralization of funds over $250,000 by all banks and credit unions. This collateral will be pledged in the name of the District and held by a third party institution, Federal Reserve Bank, or by a trust institution within the same bank as approved by the Finance Director. The institution will issue safekeeping receipts to the District for securities held by a third party.

4. Selection of appropriate Investments

   i. Individual investments are selected to meet anticipated cash flow requirements and provide adequate liquidity. Within this cash flow perspective, the investment manager will select those securities that will best meet the District’s overall portfolio strategy.

   ii. Criteria for selecting investments and the order of priority are:

      1. Safety. The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The objective is to select only those investments that seek to ensure the preservation of capital in the overall portfolio and to mitigate credit risk and market risk. Interest rate risk shall be controlled through duration management such that overall portfolio duration is set to a target based on existing market interest rates and rate expectations. Credit risk shall be mitigated by limitation on concentration of non-collateralized investments.
2. **Liquidity.** This refers to the ability to "cash in" at any moment in time with a minimal chance of losing principal or interest. Liquidity is an important investment quality, especially when the need for unexpected funds occurs. The objective is to remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated—within one hundred and eighty (180) days. Liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through maturing investments.

3. **Yield.** Yield is the potential dollar earnings an investment can provide, also referred to as the rate of return. The objective is to attain a rate of return that equals or exceeds the yield for the treasury security that most closely matches the duration of the portfolio, the 1-year treasury bill.

5. **Diversification**

The District will diversify its use of investment instruments to eliminate nonsystematic risk. Strategic and tactical asset allocations shall be determined and revised periodically. In establishing asset allocations strategies, the following general policies and constraints shall apply:

- Portfolio maturities shall be staggered to avoid undue concentration of assets on a specific maturity date. Maturities selected shall provide for stability of income and reasonable liquidity.

- With the exception of U. S. Treasury securities and authorized pools, no more than 65% of the total investment portfolio will be invested in a single sector or with a single financial institution or in a single maturity date.

**Selection of Brokers/Dealers**

The Financial Director shall develop and maintain a list of banks and securities dealers approved for securities transactions initiated by the district, and it shall be the policy of the District to purchase securities only from those authorized firms. To be eligible, a firm must meet at least one of the following criteria:

1. Be recognized as a Primary Dealer by the Federal Reserve Bank of New York or have a Primary Dealer within its holding company structure,
2. Report voluntarily to the Federal Reserve Bank of New York,
The Finance Director will select broker/dealers on the basis of their expertise in public investing and their ability to provide service to the Districts account. Each authorized broker/dealer shall be required to submit and annually update a District approved Broker/Dealer Information Request form that includes the firm’s most recent financial statements.

Approved broker/dealers shall attest in writing that they have received and read this Policy.

Safekeeping and Transaction Settlement

The Financial Director shall approve one or more financial institutions to provide securities safekeeping services for the District. All investment securities purchased by the District will be held in third-party safekeeping by the District’s safekeeping agent. The District’s safekeeping agent will be required to furnish the District a list of holdings on at least a monthly basis. The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. Ownership of all securities shall be perfected in the name of the District. Sufficient evidence to title shall be consistent with modern investment, banking, and commercial practices.

Competitive Transactions

Securities purchases and sales will be executed after obtaining at least two competitive bids or offerings whenever feasible. If the District is offered a security for which competitive offerings cannot be obtained, quotations for comparable securities will be documented.

Periodic Review and Amendment

The Investment Policy delineated herein shall be subject to review and revision by the District at least every three (3) years. This does not preclude the District from revising specific policies included herein nor from adding policies should the District determine that the best interest of the public and/or NCRTD would be served by making such a revision.

Amendments or revision to these financial policies may be initiated or proposed by any member of the District Board or by the Executive Director of the NCRTD.

Proposed amendments or revisions to these Financial Policies shall be first presented to and reviewed by the Board’s Finance Subcommittee. The Subcommittee shall make a recommendation on any proposed amendment or revision to the District Board.

The District Board must approve any amendment or revision by majority vote before said amendment or revision shall become official policy of the NCRTD.
Finance Subcommittee

Meeting April 28, 2017
9:00 a.m.

Board Members Present: Commissioner Ed Moreno–Santa Fe County, Antonio Maggiore–Los Alamos County, Christy Van Buren–Ohkay Owingeh, Leandro Cordova–Taos County


Guest(s) Present:

Absent: Commissioner Alex Naranjo–Rio Arriba County

Transcribed By: Jackie Trujillo–Executive Assistant

ROLL CALL

APPROVAL OF AGENDA

CALL TO ORDER

A regular Finance Subcommittee meeting was called to order on the above date by Chairman Commissioner Moreno.

ITEMS FOR DISCUSSION/RECOMMENDATION

A. Review of Draft Fiscal Year 2018 Budget

Mr. Mortillaro noted that the Staff would be going over their budget’s during the presentation and provide a general summary of expenditures, organizational structure and staffing. He noted that we will also give an overview of the non-RTD expenses, Capital, Ten-year Capital Plan, Long Range Strategic Plan and Fund Balance. We will then take any additional questions the Sub Committee may have.

He continued, stating that the overall Fiscal Year 2018 budget is 1.4% higher than the FY17 budget, a $185,000 difference. Some of the influencing factors are the new route in the Jicarilla Apache Nation, the District is starting to see the full implications of the Mountain Trail and La Cienega route and funding in the FY18 budget; proposal of additional staff in the Operation side of the District; including salary adjustments at 2.7% which is required by the Collective Bargaining Agreement and a 3% performance increase, this is performance base; employees eligible are non-representative employees. He noted it also reflects an increase on regional payments (non-RTD expenses); these are funds that go to Los Alamos County Transit, Santa Fe Transit and the Rail Runner. He noted we have percentage formulas that we apply to arrive at those numbers.

Mr. Mortillaro continued to state that the budget relies upon some use of our reserves; $966,000 pursuant to the Reserve Use Policy that the board adopted. Reserves can be used for new routes, operating expenses, capital, and for cost associated with non-federally paid for Capital. This number is not far off from numbers used for the FY17 budget and was similar for the FY16 budget, noting we tend to underestimate our revenue so that at the end of the year, our revenues are much higher than originally estimated. Noting the District doesn’t normally need to use the reserve because of sufficient revenue to offset the reserve usage.
Mr. Mortillaro noted a new proposal for the District which has never been done is a request for debt financing. He noted that when we get into the Capital part of the presentation it will be explained. He then turned it over to Mr. Lopez to go over the revenue projections that are included in the budget.

Mr. Lopez reference page 22 on the packet. He stated the GRT tax revenue is budgeted at $7,222,500 over the operating budget of $7,095,000 a 1.8% increase over our operating budget; projections are estimated at $7,690,000. He then referred to page 34 on packet, to explain the breakdown of gross receipts tax by county; requesting for Santa Fe County $4,400,000, operating budget is at $4,350,000 at a 1.1% increase; budgeting for Rio Arriba County at $575,000 the same as the operating budget; Taos County operating budgeting was at $860,000 and requesting $892,500 at a 3.8% increase.

Mr. Mortillaro noted there is one time economic activity occurring in these areas and noted the District attempts not to reconsidered those in our projections.

Mr. Lopez continued to state that the Los Alamos County’s operating budgeting was at $1,310,000 and are requesting $1,355,000, a 3.8% increase.

Mr. Cordova asked about the LANL contract in Los Alamos County as a whole.

Councilor Maggiore stated given what is going on at the federal level, it is estimated they will be spending the better part of next year on a continued resolution. He noted he does not foresee the feds coming to a real budget anytime soon.

Mr. Bingham stated, with a continuing resolution you have to stay at a FFY16 level. He noted for the Districts FFY16 we are at $1.5 million, Los Alamos did for that year, noting 1.3% is $200,000 less. He noted the District is more conservative and are not in any danger, stating the contact will go out on FFY19.

Mr. Lopez referred back to page 22. Continued to Federal Grants, noting the District is requesting $3,463,573, more then what was asked for the FY17 budget, this includes the 5311, FTA funding for federal grants for administration operation for capital outlay, including the transportation alternative program. He stated the District did not request 5310 federal grant.

Mr. Lopez moved on to Local Match/Tribes, Trial Transit Federal Grants, requesting $470,865 above the operating budget, this includes Santa Clara, Tesuque, Pojoaque, Nambe and Jicarilla Apache Nation; this is money given from the federal government.

Councilor Maggiore asked, how much of that increase is Jicarilla.

Mr. Bingham responded the increase is $95,000; $105,000 for Jicarilla operations plus an extra $105,000 for the bus.

Mr. Lopez proceeded to discuss Member Local Match, requesting $132,000; operating budget is at $88,000, anticipating the Rail Runner and Ski Santa Fe will each give the District $15,000; City of Santa Fe and Santa Fe County will each give the District $25,000; Taos Ski Valley will give $51,000.

Mr. Lopez continued with the Local Match/LA Contribution, it is anticipated the District will receive $350,000 from Los Alamos County; State Capital Outlay Appropriation, we received $93,000 in FY17 and did not receive money for FY18; Investments, budget was at $20,000, projecting $30,000; Advertising Sales, revenue budget request at $31,000; Insurance Proceeds, budget request $30,000, noted the District gets insurance reimbursements; Fares, used for on demand response, Taos Express and Mountain Trail, budgeted at $42,500; Dept Proceeds (dept barrowing) budgeted $100,000 this is for the planning of the maintenance facility.

He stated the Cash Balance is budgeted close to $1,000,000 and is broken up between Undesignated, Service Enhancement, and Capital Outlay; $207,264 is used for operation on service enhancements for the Santa Fe Mountain Trail and La Cienega routes in accordance with our financial policies, $107,000; Cash Balance for Capital Outlay is at $589,248 some of the money is match money for the 5311 grant and cash balance for budget on Capital Outlay. He then concluded his presentation of the revenues, stated the overall projected revenue for FY18 totaled $12,839,274.
Mr. Lopez asked if there were any questions. There was none.

Mr. Bingham moved on to review Expenditure Summary on page 22 on the packet. He noted $4.3 million in salary and benefits is higher than the $3.6 million of the previous year, which is due to attorney and janitorial taken from contractual services and brought in staffed employees as well as a salary increases for representative and non-representative employees, including the 1% increase of health insurance. Noting the District has 41 employees driving buses, next fiscal year we will be adding employees for the Jicarilla Apache Nation to run the route making our FTE count go up.

He moved on to Operating Expenses, he noted there was a slight increase in the following items; Internet Services all departments in Taos and Espanola office; Postage, we have tried getting away from postage by going through electronic methods although we still need to send some mail certified; Telephone, noting we have a new upgraded phone system with new features, with the addition of new employees this has brought the costs up.

Ms. Van Buren asked if it includes cost for the two-way radios fees.

Mr. Bingham responded it did not include the two way radio fees.

He continued to go over the increases; Cell Phones, he noted employees whose position warrants the use of a cell phone are designated to have cell phones; Advertising Services, are used for purchasing to post RFP and IFP and Human Resources also uses advertising services to post position openings; Dues and Subscriptions, used by all employees to get information to be a resource for their organization. He continued by noting, Building Maintenance became a new department on FY17, this year we are seeing the actual cost associated with the maintenance of the Espanola and Taos buildings; requesting $28,000 as compared to $16,925 the previous year; Insurance, increase is due to having more accidents than we did in the past, more severity to bus damage; Printing, up $7,000 as we are printing approximately 20,000 paper copies each month; Training/Registration Fees, noted transit training is hard to find in this state therefore employees have to travel out of state to attend specific trainings for transit.

Mr. Maggiore questioned why Drug and alcohol testing listed twice on the report.

Mr. Bingham responded, it was moved to a different line to get it in sync to where it should be, noting we had $500.00 budgeted in line item 905 and moved it to line item 095, going down in cost due to the state takes on most of the cost, testing the District pays is for the administrative staff and pre-employment, noting NMDOT administers drug testing for drivers. Mr. Bingham confirmed the line items will be collapsed to on line item for the final budget.

Further discussion continued this topic.

Mr. Bingham went on to review the following: Fuel, budgeted $416,160 expecting to spend $367,027, with fuel on the rise we want to be aware that may be one of our major expenses; Fuel and Maintenance, is up from fiscal year 17, noted we are trying to use common sense when it comes to repairing vehicle that are almost at the end of their life and trying to opt out of getting rid of the vehicle before expense of repairs become too high; Towing Services has increased due to towing buses to Albuquerque for maintenance.

Mr. Maggiore asked about line item Bus Washing Service.

Mr. Bingham responded, bus washing service is for washing buses that are on offsite locations; one of the sites we get buses washed is in Santa Fe at All Aboard America, they wash the buses inside and outside at a charge of $50 for small buses and $75 for bigger buses. He noted we are looking to obtain service in the Chama area or buses in that area.

Mr. Bingham moved on to Non-RTD, these are based on formulas in the Districts financial plan, this graph shows how much we will be contributing to each county; Los Alamos County and City of Santa Fe contributions go up based on that formula. Noting that most of the money collected from GRT is given away; explained, if the District receives $7.2 million, $4.6 million is given away. Capital Outlay Plan is a high level for accounts, he stated he will go over these numbers when we get to that portion of the packet of what these individual numbers make up in the Capital portion.
Total for the Districts expenditures for this year, $12.8 million.

Mr. Mortillaro moved on to the NCRTD Functional Areas Diagram on page 17, referencing the Functional Organizational Diagram, this gives you an idea of the different functions and activities for each department and explains their responsibilities in the department and who they report to.

He then moved on to page 18 of the packet, Organizational Chart noting it shows the structure of staffing as overall departments; Transit and Facilities, Finance, Transit Planning Projects and Grants, Human Resources, Public Information and the Administrative side with IT services contracted out.

Mr. Mortillaro moved on to reference page 19, Position History; he noted it was difficult to create from 2011 budget; he stated we tracked from 2011-2018. He noted in terms of staffing levels there is no change in administration, finance or in operations admin. He noted on Operations Driver there have been several changes in FTE; in FY16 we had a total of 45.5 FTE and in FY2017 a total of 48.5 FTE. He stated the District is proposing for 51.75 FTE an increase of three new employees.

Mr. Mortillaro then moved on to Fleet and Building, stating there is one FTE increase in this department; would like to reclassify the current Fleet and Facility Maintenance worker to a Transit Vehicle Electronics Technician which is more inline as to what this employee does on a day to day basis for the District, after his transition we would like to back fill his position with a Fleet and Facilities Maintenance worker.

Overall looking at going from a 65.84 positons to 70 full time equivalence and number of employees will go from 72 to 75 employees.

Mr. Mortillaro moved on to discuss specific department budgets, referred to page 25 of the packet, Administration budget. He noted the change in salaries and benefits change is related to attorney services that used to be under contractual services. The District had the opportunity to hire an attorney in house and hire Peter on a half time position. Therefore instead of those monies being in contractual services, they are now in Salaries and Benefits. This also represents the increases that were discussed within the budget in terms of performance increases and increase in health benefits. He noted in the contractual services you will see a decline, due to not having to pay for outside legal counsel; the remaining amount is to pay the Districts IT contractor at about $50,000 a year; they maintain all the IT infrastructure; also paid from this budget is for the Lobbyist IT Carl who takes minutes and serves as secretary for the Board, transit consulting, customer service training as well as money for the polling elections strategy that was discussed as we look forward to the 2018 election.

Mr. Mortillaro continued by stating, the budget request for Administration is up $1,300 from the prior year. He went on to state that the admin budget and training budget is specifically for himself, Peter, Jackie and for the boards chair to attend the Annual Legislative Conference.

Mr. Mortillaro asked if there were any questions. There were none.

Mr. Mortillaro asked to turn to page 26 of the packet, Public Information Office by which he directed Mr. Nagle to present his budget.

Mr. Nagle noted the biggest increase needed for PIO is advertising which is up by about $15,000 dollars; a number of reasons for that increase are most significant to the Jicarilla launch and the launch of new routes in Santa Fe, Los Alamos and Taos areas. In Rio Arriba, he noted, with the existing advertising program, he can do some modifying to promote new routes and may involve some first time buys in the various locations, as well as additional campaigns to promote the District.

He noted that Promotional is up by about $3,500; the bulk of that is the kick off of the Jicarilla ribbon cutting launch party. Money will also go to marketing and promotional items for events done throughout the year. Noting supplies are depleting and will need to renew items to be supplied at events.
Mr. Nagle moved on to Misc. Expenses budget request is $2,000, noting this is the first time this item has been added to the budget. This is the launch of the Travel Training Program, stated some programs have been done associated to the training, although the full launch of the program will be in FY18.

He noted the bottom line is a $20,000 change compared to last years’ budget request.

Mr. Nagle asked if there were any questions.

Mr. Mortillaro stated that the PIO budget is a marginal budget due to the fact that the District covers over 10,000 mile area, four counties and over 50 plus communities within that area. We try to get the word out to as many regarding our services.

Mr. Maggiore asked Mr. Nagle to explain, Travel Training.

Mr. Nagle replied this program is for staff to go out and actively get out in the community and senior centers to educate on how to read schedules and/or the process of using public transit.

Mr. Mortillaro asked to turn to page 28 of the packet, Human Resources, by which he directed Ms. Anaya to present her budget.

Ms. Anaya noted projection for contractual services is $1,639 due to a vacancy of approximately three months of the Human Resources Director. She moved on to point out an increase in advertising due to a huge turn over in staff and is going out to advertise more job postings. She moved on to the increase of IT Software Support, increase is for a new software, Performance Pro, this is an electronic evaluation system for employees; charging for each person that is accessing the software. She noted Promotional, known as employee engagement used to help employees to be happy, healthy and want to continue to work for the District which is included in the health and fitness program.

Ms. Anaya continued to state that a 10% increase is in the General and Employee Insurance to cover any civil rights or risk management we may have.

Ms. Van Buren asked for explanation to what is the line item, Civil Rights.

Mr. Bingham stated it covers any civil rights cases that may be filed with the District and is part of a policy.

Ms. Anaya continued to discuss Drug and Alcohol Testing is a new line item used for drug and alcohol testing on new staff. She continued to note, printing has increased due to printing of material for new hires.

Ms. Anaya asked if there were any questions. There were none.

Mr. Bingham asked to turn to page 27 to discuss increases for Finance. He noted the biggest increase in the budget is salaries. He noted finance budget pays the Districts auditor out of their budget; IT/Hardware Support, he stated, we pay a maintenance fee for a financial system which goes up every year; Travel and Training, he noted finance oversees risk management, procurement and finance which requires specific training that needs to be performed, he specifically attends the GFOA training for a once a year update on all the new accounting regulations as well as training on risk management updates and his staff attends various in state training.

Mr. Mortillaro stated, Mr. Bingham is also the Risk Manager and Procurement Agent for the Department, noting finance provides multiple services in support of the whole organization operation.

Mr. Bingham continued to state that he will have to get more training being that we are going into small urban arena of 5307 which requires us to be in contact with District 6 in Fort Worth Texas, getting more federal direct training for the $72,000 that we receive every year.
Ms. McGuire referenced page 29 of the packet by which she proceeded to go over the budget for the Planning and Grants budget; she stated this is the second year having a standalone budget, prior to that the department was under operations budget. She noted she is not seeing a lot of changes from last year’s budget; the biggest increase is on Contractual Services an increase going up to $43,467 versus $10,000 from last year, this is due to the Jicarilla IDC (in direct cost), and Engineering on Call.

Mr. Bingham explained; the direct cost is a charge the tribe charges to administer their grant, approximately $32,000 at a 13.75% rate.

Ms. McGuire continued to state another increase related to Contractual Services is related to Engineering on Call, in the event that we have a project like the NM68 project in Taos, a project like this has major implications to our bus stops. She noted the District is not a direct player because it is not our project and we don’t necessarily have the resources to be able to provide to a project like that, Engineering on Call will allow us that option to where we can utilize Wilson and Co., our on call engineering firm.

She noted as far as changes, Miscellaneous Expenses has gone down significantly. She moved on to note, the one key difference in what was spent in FY17, and we were down due to having the Regional Planner position open for half the year, in discussing the position, it is was agreed to reclassify the position and making it more focused and fully maximize it with our ITS (Intelligent Transportation System) system and tying into the GIS (Geographical Information System) component. ITS side is the AVIL system which is a computerized dispatch and GIS is a system that can map out areas.

She stated we recently received our GIS software; this will help us to create a database that shows all bus stops showing every amenity we have at each bus stop with pictures.

Further discussion continued on this item.

Mr. Mortillaro asked Ms. McGuire to state what is covered in her department.

Ms. McGuire stated they serve in development planning, project management, grant acquisitions and management of those projects once grant monies come in. She continued to note, she does quarterly reporting to NMDOT for reimbursements and federal contract.

Mr. Mortillaro then moved on to the Operations budget, stating that it is broken down into Operations Admin., Operations Drivers as well as Fleet and Facilities, he then referred to page 30 of the packet and turned it over to Delilah Garcia.

Ms. Garcia noted Operations is responsible for service that is placed out on the road; Dispatch covers 23 fixed routes in our service area and 4 supplemental routes which are comprised of paratransit service in the Taos and Espanola area. She noted we also have on demand service that is within a 15-mile radius from the Espanola transit center and also have the Pojoaque dial a ride service. Operations is also responsible for facilities in the Espanola and Taos buildings, 458 bus stops and 40 bus shelters.

Ms. Van Buren asked if it is broken up by Operations Admin. because of the NMDOT monies the District gets from 5311.

Mr. Bingham stated all of Operations gets charged from the 5311 because they oversee fleet, facilities and drivers the oversight functions of all three department. She also has an administrative secretary who handles all the financial work for all three departments.

Ms. Garcia continued to note, Operations department is the largest budget across the four budgets being presented on operation which is the bulk of RTD’s budget in getting service out on the road.

Ms. Garcia went on to review Operations Administration, by which she referenced page 30 of the packet. She noted the overall operations administration budget has decreased slightly; FY17 projection was $97,000 and are requesting $68,000 for FY18; majority of that decrease is coming from the AVAIL annual contract, noting every year it slightly decreases. She noted an increase on the Printing line item due to the department is on a cost per print for every copy made.
She then moved on to discuss an increase of $30,000 on Contractual Services for Operations Run-cutting. This was done on the Taos route last winter with a contractor; Run-cutting is contracting with a company, we give them a list of all our employees for the Taos area with the number of routes and schedules, they then determine what is the most efficient way to operate all our services and ensure coverage with the personnel we have or we may look at an increase of personnel if needed.

Further discussion continued on this item.

Ms. Garcia continued to note an increase of the following items: Furniture and Equipment increase of $1,000, this is for miscellaneous supplies for the Operations area; significant increase in training for the administration operations, for Ms. Garcia and the Administration Assistant.

Ms. Garcia moved on to reference page 31, Operations Driver. She noted this budget is related specifically for drivers and the operations of services put out on the field. She noted a slight increase in the budget; increase is in the IT Hardware/Software Support going from $3,200 to $5,500, this is for the time tracking system for all employees, as we continue to increase employees on operations we will have to pay for an additional individual on that time tracking system.

Mr. Bingham stated the rest of the increase is in Salaries and Benefits; noting we put into FY17 budget a salary savings, in previous years FY14 and FY15 we saw a salaries savings due to open vacant positions and now those vacant positions didn’t materialize this year. There is a $175,000 negative in last year’s salaries and will now need a Board item by the end of the fiscal year to increase their budget for all overtime expenses that have gone over. This is predicting a $200,000 loss in the budget for this year and will give an update in June as to what that number will be.

Further discussion continued on this item.

Ms. Garcia moved on to note an increase in Uniforms, moving from $7,000 to $10,000. This is to get all the operators better quality jackets.

She noted a slight decrease in Physicals, this captures everyone that needs to get their annual physicals done. Trying to ensure we have employees fit to do the duties for the District, she moved on to Training; this has increase so to having a fourth supervisor and three dispatchers that need to get training; majority of the training is in state.

Mr. Mortillaro asked to turn to page 32 of the packet, Fleet.

Ms. Garcia continued to discuss the Fleet budget; she noted David Funck Sr. is the Fleet and Facilities Manager, these two budgets he manages and oversees. She stated the District is requesting $20,000 in IT Hardware/Software maintenance, looking at acquiring fleet software, this will help track maintenance, fleet needs as well as facilities in which will include bus shelters, stop signs, buildings in Taos and Espanola. She noted the District is requesting a decrease of $12,000 from equipment and asking for $4,000; the prior $16,000 was primarily for ski racks on the buses for the Taos Ski Valley and Mountain Trail, noting we already have the ski racks and do not need to incur that expense again. She stated there are general increases to vehicle insurance and uniforms for the fleet and facilities employees.

Ms. Garcia moved on to discuss another increase is under Bus Washing Services moving from $8,600 in FY17 to $36,000, this is because we are entering agreements with third parties whether it is a private vender or a municipal local government to do bus washing in Santa Fe. She noted the District contracts with All Aboard America to do all the Santa Fe buses and will be working with the Village of Chama to provide similar service on the Chama, Dulce and Farmington route.

Mr. Mortillaro asked Mr. Funck to talk about the general repair and maintenance challenges of the fleet as it is currently composed.
Mr. Funck stated the overall challenge is lack of information which is time consuming as far as tracking mileage for the monthly mileage reports, he also noted ages of fleet; some buses have high mileage or need major maintenance work done.

Mr. Mortillaro state the District had three buses that were Internationals and every month or two we were spending over $5,000 per bus on maintenance. He also stated we requested an increase in the Capital Budget to rebuild these vehicles, noting the bodies are in great shape, it’s the engine and transmission that have been problematic. If the District gets the request, we will gut the transmission out and rebuild the whole system.

Further discussion continued on this item.

Ms. Garcia moved on to Facilities referencing page 33 of the packet. She began by pointing out an increase on salaries and savings, noting the District is no longer contracting out for facility janitorial services; we have employed a part time employee that is capturing those duties, working 20 hours a week. She went on to state we are also requesting for additional staff in facilities.

She moved on to Equipment; this increase is for getting equipment for facilities and have an increase in Building Maintenance this is for repairing irrigation system and for working on landscaping for the Espanola and Taos buildings. She noted all utilities are also paid out of the facilities budget. Ms. Garcia moved on to explain Janitorial Supplies. She stated the last janitorial contractor covered their own janitorial supplies; increase on this line item is due to us having to supply our own supplies for our custodian.

Mr. Mortillaro then referenced page 34, Non-RTD. He stated earlier in the revenue discussion, Mr. Lopez talked about the projected revenues from each of the counties, as indicated our GRT is allocated out, based on formula. He noted the Rail Runner receives 50% of all the transit GRT collected in Santa Fe only, that was by agreement and the agreement runs the terms of the GRT which is supposed to sunset in 2024. He went on to say City of Santa Fe by formula gets 14% and Los Alamos County gets 20% of the $7.2 million; this amount is based on projections from GRT, not actuals.

Mr. Mortillaro moved on to Capital Improvement Plan referencing the graph on page 37. He stated we budgeted $660,800 for fleet replacement. He then turned it over Mr. Bingham to discuss the amount of fleet we will be buying.

Mr. Bingham went on to state we are requesting half a million dollars to replace four buses and looking at replacing the bigger buses who have met 7 to 10 years’ life and considering engine swapping for 3 international buses at $160,000 for three engines.

Further discussion continued on this item.

Mr. Mortillaro moved on to discuss 5311C (tribal transit funding), fleet replacement for Tesuque Pueblo.

Mr. Bingham noted we are seeking a 90/10 grant with the tribes, under discretionary, he noted we pay 80/20 with our buses from NMDOT and would like to take advantage of the 90/10 grant to get the feds to pay directly for our tribal routes. This constitutes 6 buses we have been paying for ourselves and hope to get federal funding and would like to replace buses every year for tribal routes.

Further discussion continued on this item.

Mr. Mortillaro moved on to discuss increases on the following: purchase of Jicarilla Apache Nation bus as discussed earlier in the presentation to start running that route; purchase of 3 commuter vehicles for supervisors or employees to use when out on an assignment.

He moved on to discuss the increase of the following: Maintenance and Facilities requesting $100,000, this request is for the start of construction for a new fleet and maintenance facility which will include a fueling station and wash bay in the future; requesting an increase on bus shelter replacement at $20,000 each; repair or replace concrete pads as necessary;
Solar lighting on some of the shelters and stops; bus DVR replacement; Taos facility upgrades; main server replacement and software upgrade; safety and security improvements.

Mr. Mortillaro moved on to discuss the Long Range Financial Strategic Plan, referencing page 40, noting the moderate scenario plan was adopted by the Board. He mentions two other scenarios are included in the packet which are based on our Long Range Strategic Plan, this will show how things will look like when we start implementing, and cost to start imbedding into this Long Range Plan the 20 year strategic plan strategies.

He then asked Mr. Bingham to go over this item.

Mr. Bingham proceeded to go over the Moderate Scenario referencing to the graph on the packet, he stated listed are 2 years of audited financials for 2015 and 2016 this shows how our revenues compared to audited actuals, also listed are the projections which was given in January of this year, although they may have changed within the last 3 or 4 months. He notes we were planning on having a balanced budget of revenues equals to expenditure for this year’s projection. He stated in the past we had excess revenue and can bank money in the fund balance although this may be the first year that we will not be banking in the fund balance and noting this may be the first year that we may have to use some of the fund balance, budgeted $900,000.

He continued to explain graphs on the packet. He stated we have a 25% revenue designation, this is more than the state requires, stating this is good financial policy making to be sure we have enough revenue banked to cover any unforeseen catastrophic failure that may occur or to have cash on hand to make payroll.

Referring to the graph he noted we need to stay above the blue line; yellow line is the unrestricted fund balance, this is for any excess cash we have obligated to other places, also shown is cash this is based on liabilities and receivables that are weighing out each other every year, mirroring the unrestricted fund balance line. He noted in 2019 our balance drops below the blue line although the cash is still above the line. The cause of the drop in the graph is that we are seeing our revenue growth is not as large as our expenditure growth, keeping in mind we give most of our moneys to non-RTD entities for regional routes. That growth is set in our policies as to how much it goes up every year.

Mr. Bingham referenced page 41 to discuss Scenario 2. This scenario was talked about on the Long Range Financial Plan. Stating that the Rail Runner is contracted to keep 50% of Santa Fe counties GRT. Noting he capped whatever would be spent in 2020 is showing our partners will receive the same amount with no growth. Until 2023 we have to keep in mind that the Rail Runner will receive growth until that obligation is met.

Mr. Mortillaro stated in all three scenarios that the voluntary contribution that Los Alamos makes of $350,000 is not built in to any features.

Mr. Bingham continued by stating, we are anticipating Los Alamos not making that contribution, that hasn’t been the case and if they continue to have the lab private, it may change this. In scenario 2, if we were to cap our partners, it would not solve our financial goals of getting above the blue line in future years, unless one of the scenarios is to stop paying our partners, at that point we could see growth above the blue line although this will not get us out of the hole.

Mr. Mortillaro noted that in 2023, to align with what is on the Long Range Strategic Plan, we put in a million dollars a year with additional spending, if this wasn’t done the lines would change.

Mr. Bingham added the amount would not go to $15 million but to a $5 million negative. That’s saying we are not accomplishing any of our Long Range goals and would stay at the same service for the next ten years. If we want to do anything different then we are doing today we will need to find some additional revenue sources.

Mr. Bingham moved on to page 42, Scenario 3. Noted as our revenues increase to a $.08 cent GRT, he added it to the year needed the most in 2020, this shows the $7.4 million dollars has gone up to $15 million, stating this graph meets all of our goals.

Further discussion continued on this item.
Mr. Cordova made a motion to forward this item to the full board. Councilor Maggiore seconded the motion and it passed by voice vote.

B. Automatic Clearing House (ACH) Payments over $20,000 from January 1, 2017 thru March 31, 2017

Mr. Bingham referenced pages 43 and 44 of the packet, this is a check and balance done for all electronic payments made to our vendors, this report if for January to March, 24 payments were made to vendors through the ACH process, totaling $1,970,441.48.

Councilor Maggiore made a motion recommend this item to the full board. Mr. Cordova seconded the motion and it passed by voice vote.

C. Investment of District Funds and the State of New Mexico Local Government Investment Pool Report Summary as of March 31, 2017

Mr. Bingham referenced pages 45 through 47 of the packet. He stated money was taken out of Los Alamos National Bank who were giving us 40 basis points and moved it to a Brokers CD’s that are getting close to 100 bases points; one year CD’s is making 0.99% this is where we should be at, we are only making 56 basis points, he added Brokers CD’s have been a great opportunity for us to invest in, the rate of return has been significant but not as much as we had hoped.

He went on to say that he had to drop $2 million on the investment portfolio, this money was taken out to pay for buses in which the District will get reimbursed; money taken should be replaced by the end of the year. He noted the District should be ending the year with $8.5 million close to $9 million invested.

Mr. Cordova made a motion to recommend this item to the full board. Councilor Maggiore seconded the motion and it passed by voice vote.

D. Minutes - March 24, 2017

Councilor Maggiore made a motion to accept minutes as presented. Mr. Cordova seconded the motion and it passed by voice vote.

MATTERS FROM THE SUBCOMMITTEE

There were none.

ADJOURN

Mr. Cordova made a motion to adjourn the meeting. Commissioner Moreno seconded the motion.

Next Finance Subcommittee will be held April 26, 2017 at 9:00 AM.