NORTH CENTRAL REGIONAL TRANSIT DISTRICT
FINANCE SUBCOMMITTEE

May 27, 2016
9:00 AM - 11:00 AM

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

CALL TO ORDER: Councilor Pete Sheehy, Chair

Roll Call:

ITEMS FOR DISCUSSION/RECOMMENDATION

A. FY2017 Compensation Plan
   Sponsor: Anthony Mortillaro, NCRTD Executive Director.
   Attachment.

B. FY2017 Performance Matrix
   Sponsor: Anthony Mortillaro, NCRTD Executive Director.
   Attachment.

C. Update Finance Investment Policy SB56
   Sponsor: Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
   Attachment.

D. Update Travel Policy
   Sponsor: Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
   Attachment.

E. Conversion of Out Sourced Legal Services
   Sponsor: Anthony Mortillaro, NCRTD Executive Director
   Attachment

F. Minutes from April 22, 2016
   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  
Date: May 16, 2016  
Re: FY 17 COMPENSATION PLAN AND PERFORMANCE INCREASE MATRIX

Background: In fiscal year 2014 the district budgeted for a 3.5% increase in compensation and pay indexed benefit costs. For fiscal year 2015 the same amount had been placed in the budget for compensation increases. For 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. For FY 2017 the Compensation Plan includes 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 will result in adjustments to individual employees’ salaries that occupy those classifications.

The District ascribes to a pay for performance system for non-represented employees. For FY 17 the Performance Increase Matrix has been evolved to provide for a differentiation of performance increases tied to certain performance scores. 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 recommended FY 2017 Matrix remains the same as it was in FY 16 in respect to the maximum percentage available for an increase however the performance score segments have changed in order to match the District’s new computerized performance system which utilizes a 1-5 rating criteria.

At this point since we have commenced Collective Bargaining it is unknown what the increase will be in FY2017 for positions covered by the Collective Bargaining Agreement (CBA).

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

3.6 Compensation Policy.

Compensation for District employees shall be equitable and competitive with the market and in accord with the District's ability to pay.

It is the policy of the District that the comprehensive Compensation Plan, for all classifications of the District is subject to and limited to availability of funding as may be determined by the Board. The Board shall be the final arbiter of available funds.
3.7 General Wage/Salary 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 the formal Compensation Plan. On all occasions 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 determination of any changes to the salary scale. Where general, across-the-board adjustments are approved, the change will be effective on a date determined and approved by the Board of Directors. General adjustments are separate and distinct from performance recognition increases. General adjustments may affect the Compensation Plan only, thus shifting the pay of all employees in relation to the midpoint without changing individual compensation.

3.8 Cost-of-Living vs. Market.

Adjustments to the Compensation Plan may be determined periodically through analysis of market trends in comparison to cost-of-living (COL). This may be done once per year and the District may utilize either market survey results or cost-of-living index data (federal) or a combination of both. All employees, regardless of employment status, except those being red circled (frozen for having reached the top of their salary 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 salary 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.

3.9 Preparation of the Compensation Plan—Salary 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.

3.10 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.
3.11 Revision to the Compensation Plan.

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

3.12 Administration of the Compensation Plan.

The approved Compensation Plan shall constitute the official schedule of salaries 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 salaries shall be approved unless they conform to the approved Compensation Plan.

No employee in the District shall be paid a salary less than the minimum nor greater than the maximum of the salary range for the classification as fixed by the Compensation Plan unless otherwise provided for in the Rules or approved by the Executive Director.

The entrance rate payable to any employee upon appointment to a position in the District shall be the minimum rate in any applicable salary 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.

Progression within the salary 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, performance, competence and job knowledge when evaluating any increase in pay of an employee.

Recommenpation: 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 (FY17)
Performance Increase Matrix (FY17).
<table>
<thead>
<tr>
<th>Job Title</th>
<th>Minimum</th>
<th>MidPoint</th>
<th>Maximum</th>
<th>FSLA Status</th>
<th>Job Code</th>
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**At will positions
### NCRTD - Performance Increase Schedule - FY 2017 (Effective 7-1-2016 Thru 6-30-2017)

#### Performance Score

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<th>Performance Score</th>
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#### Performance Adjustment

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#### Performance Recognition - One Time Salary Distribution

<table>
<thead>
<tr>
<th>Performance Recognition - One Time Salary Distribution</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>
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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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Memorandum

To: Finance Committee  
From: Troy Bingham, Finance Director  
Thru: Anthony J. Mortillaro, Executive Director  
Date: May 27, 2016  
Re: Revised District Investment Policy

Background:

The NCRTD last updated the District’s Investment Policy in October 2015 to create a standalone policy and updated the Board on proposed investment strategies to maximize the District’s rate of return on investments. During the 2016 State of New Mexico Legislative Session the State Senate passed SB56 which changed NMSA 6-10-10 Deposits and Investments of Funds to allow for brokered CD’s and other federally insured obligations by localities. The Governor signed SB56 into law February 10, 2016. Staff’s proposed changes to the investment policy focus on SB56 newly allowed authorization of brokered CD’s. Broker CD are similar to traditional bank CD, but are sold by brokers instead of banks. Broker CD typically have a higher rates of return to offset broker fees, but are more liquid than traditional CDs because there is a secondary market that they can be bought and sold at any point in their maturity. Broker CD are still FDIC insured as long as our investment in one bank is less than $250,000. Our access to brokered CD would be through LANB and LPL Financial, our current investment broker.

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 with in our service area per NMSA 6-10-10(B)
- Investments not at LANB are fully insured by the FDIC/NCUA because they are less than $250,000
NORTH CENTRAL REGIONAL TRANSIT DISTRICT

SUBJECT: Investment Policy | NUMBER: Financial - 06

EFFECTIVE DATE: October 9, 2015, June 10, 2016 | Adopted and amended by Board Resolution No. 2015-29


APPROVED:

ANTHONY J. MORTILLARO, EXECUTIVE DIRECTOR

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 and time deposits with banks and savings banks located in the District’s service area—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 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.
CD’s at LANB are collateralized at 102%

Liquidity:
- Average balance in the LANB Checking Account for FY2016 was $2,940,027.58
- LGIP has $544,824.16 and is available within 24-48 hours in the LANB Checking Account
- LPL Financial has $1,000,000 and is available within 24-48 hours upon sale of the treasury in the secondary market
- 1 short term CD’s with LANB for 6 months, the remaining CD’s are all one year
- At least $250,000 of one-year CD’s expire monthly

Yield
- 12% of investments are in LANB Checking Account that earns 0.05%
- 10% of investments are in the LGIP that earns 0.21% on average
- 23% of investments are in treasuries that earn approximately 0.50%
- 55% of investments are in CD’s with the 0.40% 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, 2016 was 0.41%

Recommendation:
It is recommended that the Finance Committee discuss and review the information about the current investment policy and current strategy. The staff further recommends the following changes for discuss and review for final recommendations to the Board on June 10, 2016:

- Approve additional investment options approved in SB56 to allow investment in brokered CD’s and other federally insured obligations to the current Investment Policy

Attachment:
- North Central Regional Transit District- Investment Policy Blue-lined
To: Finance Committee  
From: Troy Bingham, Finance Director  
Thru: Anthony J. Mortillaro, Executive Director  
Date: May 27, 2016  
Re: Revised District Travel and Business Expenses Policy

Background:

The NCRTD created the District’s Travel Policy in November 2011 to create framework for employees and the Board on what constituted travel and what the District reimburses and does not reimburse. Changes at this time are clarifications to the policy that have accumulated since the original policy inception and clarify the following areas:

- Who is covered by this policy
  - “In radius travel” as compared to “outside the radius travel”
- Forms
- Air Travel
- Official District Vehicles
- Rental Vehicles
- Updates In-state and Out-of-state Per Diem Rates (including incidentals)
- Use of P-card
- Travel Advances

Recommendation:  
It is recommended that the Finance Committee discuss and review the information about the changes in the travel policy. The staff further recommends the following changes be recommended for discussion, review and final approval to the Board at the Board meeting on June 10, 2016:

Attachment:  
North Central Regional Transit District - Finance Policy #7 Business Travel and Meals Expenses Policy Redlined
1.0 Objective:

District employees are required, from time to time, to attend conferences, meetings, and training sessions which relate directly to the concerns of the District or provide job-related educational opportunities. It is the District's intention to allow such attendance without unreasonable financial sacrifice. The purpose of the following policies and procedures is to establish guidelines for District authorized travel and provide reimbursement procedures for reasonable and appropriate expenses. These procedures are not intended to cover every possible circumstance. Anything not specifically covered must be authorized by the Executive Director. Employees are expected to use sound judgment and fiscal responsibility in assessing the need for business, travel, and training expenses.

2.0 Coverage:

This policy applies to employees, potential employees, candidates for employment (to the extent possible), and appointed elected public officials of the North Central Regional Transit District who travels outside or within the District’s four county service area for work related conferences, meetings, and/or training. Travel and meals expenses are categorized into two distinct categories:

- **Within Radius Travel** – Vehicle travel from the employees defined work location for at least 4 hours in all directions including out of district travel and out of state travel (i.e. Colorado)
- **Outside of Radius Travel** – Any travel outside of the “Within Radius Travel” which includes areas still in New Mexico and outside of the State
who travels outside of the or within the District’s four county service area for work-related conferences, meetings, and/or training. This policy should not be used for business travel to locations within the District’s four county service area, including overnight stays, mileage reimbursement, and our hours worked.

Important Note: For employees that live inside and outside of or within the four county service area of the District, the determination of travel status is from the employee’s work location and not necessarily the employee’s residence. A 2-hour minimum travel time (not including meeting time) must occur before they are considered in travel status for purposes of overnight stay reimbursement and per diem, but mileage reimbursement could be considered for approval by the Executive Director.

Travel paid or reimbursed by Federal and State grants/agencies are considered exempt from this policy, if the grant/agency specifically requires compliance with Federal and/or State travel guidelines or policies in order for the District to be reimbursed.

3.0 Purpose:

The purpose of this policy is to identify and provide guidelines regarding the District’s travel policies and to further delineate those valid business expenses for which public officials and employees of the District may qualify for payment or reimbursement. When reading this policy, it is important to not whether the policy guideline is part of the in radius travel (section 4.0) or outside the radius travel (section 4.1) because the allowable cost could be different.

4.0 Authorization for Travel and Training Within the Radius Travel:

An employee may incur expenses for pre-approved training programs, conferences, and professional meetings attended for the benefit of the District. The approval of the appropriate Department Director/Manager is required prior to travel.

Approval should be requested far enough in advance so that payment can be made directly to the sponsoring organization as part of the District’s regular payment cycle. Every effort should be made to receive the early registration discount, if available.

4.0.1 Mode of Transportation:

a) Official District Vehicle

- Employees are encouraged to use a District vehicle in lieu of a personal vehicle whenever a District vehicle is available. When a District vehicle is used, the employee will be reimbursed for all gas receipts (if gas card is not available), as well as any toll charges and
necessary parking fees. Retain receipts where available.

b) Personal Vehicle

- Employees may use their personal vehicle for business travel if the use of a District vehicle is not feasible.

- Employees using a personal vehicle for business purposes will be reimbursed based on miles traveled. Reimbursement will be at the allowable rate established by the IRS. This rate is regularly re-evaluated (usually each calendar year) and all departments are notified of the new rate by the Finance Department. Commuting distance to and from work is generally prohibited for reimbursement. If travel is required, the District will reimburse at the mileage less the normal distance traveled between the employee’s home and the employee’s normal reporting location (if the employee travel is originating from their home and not from their work location). If travel starts or ends on a regular day off and is not to the employees work location, then the commuting miles to and from work will not be used in the reductions of the mileage calculation.

- To receive mileage reimbursement, employees must submit documentation of total miles traveled by including a copy of the trip using MapQuest, Google Maps, or any equivalent mapping program, including origination, destination, and number of miles on the trip. The District will reimburse the driver for mileage by the most direct route per the mapping software.

- When personal vehicles are used on District business the employee must have adequate liability insurance coverage. The minimum prescribed liability insurance is as follows:
  - $100,000 for personal injury to, or death of, one person;
  - $300,000 for injury to, or death of, two or more persons in one accident; and
  - $100,000 of property damage.

- An employee who uses a personal vehicle on District business is required to have, and provide upon request, satisfactory evidence of liability insurance coverage. Upon request, proof of such coverage must be provided to the Finance Department.

- Should an accident occur, to ensure full communication and disclosure between all parties, the driver should immediately contact:
• Local authorities, as required
• His / Her personal insurance company
• His / Her supervisor
• The Finance Department

• If an employee receives a car allowance as part of their employment the employee is not eligible for a mileage reimbursement for the business use of their personal vehicle, except as maybe provided within the agreement governing the car allowance.

c) Miscellaneous Automobile Related Expenses

• Toll road charges and reasonable charges for parking, while an employee is traveling on business, will be allowed. The location of the parking lot, garage, or meter as well as the business purpose of the trip needs to be documented. Obtain receipts where available or certify charge to Finance after travel.

d) Other forms of transportation

• Will need to have prior approval of by the Executive Director prior to incurring the expense

4.0.2 Special Travel Situations:

a) Companion/Spouse/Family Travel Expenses

Companion, spouse, or other family members traveling within radius travel for business purposes by employees is strictly prohibited.

b) Combining Business and Personal Travel

If an employee combines business with personal travel approval by the Executive Director is required prior to incurring the expense.

4.0.3 Lodging, Meals, & Incidentals:

a) Lodging

Lodging expense for in radius travel requires preapproval by the Executive Director and should be requested under the following situations:

• In radius travel that would result in the employee arriving home after 9:00pm
• Employee required to leave their home before 6:00am to make an early morning meeting/route
• Inclement Weather

• Executive Director’s discretion

Lodging expense is limited to the standard room rate for single occupancy for the minimum number of nights required to attend the function. The employee should request the government or corporate rate where available. Retain itemized receipt. The procurement card should be used when possible.

If multiple co-workers are authorized to travel and share accommodations the hotel room size should be appropriate to the number of employees sharing lodging. One employee, generally higher in the District’s organizational structure, should submit the entire lodging expense, making note of those employees covered by the lodging expense.

b) Meal Allowance

1. Meals are expenses for breakfast, lunch, dinner, gratuities and taxes on those meals, which are incurred on- or due to an overnight lodging stay, and or are reimbursable based on receipts or paid on the procurement card when possible.

2. Meals will not be allowed in addition to meals provided as part of a conference/function

4.10 Authorization for Travel and Training Outside the Radius Travel:

An employee may incur expenses for pre-approved training programs, conferences, and professional meetings attended for the benefit of the District. When travel/training is anticipated a NCRTD In-state or Out-of-state Travel and Training Request Form must be completed and approved prior to incurring travel expenses. A copy of the conference brochure or similar documentation of program content and agenda must be attached to all NCRTD In-state or Out-of-state Travel and Training Request Forms. For in-state travel and training both the forms require the approval of the appropriate Department Manager/Manager, the Finance Director (or designee) and the Executive Director. For out-of-state travel and training the form must also be reviewed by the appropriate Department Director, Divisional Manager, Finance Director the Finance Manager and be approved by the Executive Director. The Chair of the Board of Directors is the approving authority for travel requests by the Executive Director. In the event the travel is for the Chair of the Board of Directors or other Board Members then the Board of Directors will approve such travel requests.

Approval should be requested far enough in advance so that payment can be made directly to the sponsoring organization as part of the District’s regular payment cycle. Every effort should be made to receive the early registration discount, if available.

5.04.1.1 Mode of Transportation:
No specific mode of transportation is mandatory. However, employees are expected to use the most economical means available with reasonable consideration given to the time and distance involved.

a) Air Travel

- Every effort should be made to obtain the lowest possible round-trip coach fare. Due to airline practices and employee circumstances, there may be times that only premium seating is available at booking. For those occurrences, the exemption from this guidance can be noted on the travel authorization and approved by the Executive Director or Chair for the Executive Director or the Board of Directors for the Chair and Board Members.

Any upgrades, early boarding or enhancements at the gate are personal expenditures and will not be paid by the District.

Travelers should also review the following topics, as applicable to their situation:

- Companion / Spouse / Family Travel Expenses
- Combining Personal and Business Travel
- Travel Extended to Save Costs

b) Official District Vehicle

- Employees are encouraged to use a District vehicle in lieu of a personal vehicle whenever a District vehicle is available. When a District vehicle is used, the employee will be reimbursed for all gas receipts (if gas card is not available), if the gas is not charged directly to the District, as well as any toll charges and necessary parking fees. Retain receipts where available.

- Commuting distance to and from work in a District or personal vehicle is generally prohibited for reimbursement unless specifically authorized by the Executive Director, with notice given to Human Resources and Finance to ensure the proper recording of this taxable benefit in accordance with IRS regulations. If out of District travel is required for overnight or for work-related meetings, the District will reimburse at the Internal Revenue Service Standard Mileage Rates for the lesser of A) the distance between the employee's home and the travel destination, or B) the distance between the employee’s normal reporting location and the travel destination, however the District will not reimburse for an amount greater than the cost of available roundtrip airfare to the destination, without written justification, require the employee to pass by work on their most direct path, those miles to and from home should be excluded from any reimbursement.
c) Personal Vehicle

- Employees may use their personal vehicle for business travel if the use of a District vehicle is not feasible.

- Employees using a personal vehicle for business purposes will be reimbursed based on miles traveled. Reimbursement will be at the allowable rate established by the IRS. This rate is regularly re-evaluated (usually each calendar year) and all departments are notified of the new rate by the Finance Department. **Commuting distance to and from work is generally prohibited for reimbursement.** If travel is required, the District will reimburse at the mileage **less the normal distance traveled between the employee’s home and the employee’s normal reporting location.** If travel starts or ends on regular day off, then the commuting miles to and from work will not be used in the reductions of the mileage calculation.

- To receive mileage reimbursement, employees must submit documentation of total miles traveled by including a copy of the trip using MapQuest, Google Maps, or any equivalent mapping program, including origination, destination, business purpose, and number of miles on the per-trip. The District will reimburse the driver for mileage by the most direct route per the mapping software.

- When personal vehicles are used on District business the employee must have adequate liability insurance coverage. The minimum prescribed liability insurance is as follows:
  
  - $100,000 for personal injury to, or death of, one person;
  - $300,000 for injury to, or death of, two or more persons in one accident; and
  - $100,000 of property damage.

- An employee who uses a personal vehicle on District business is required to have, and provide upon request, satisfactory evidence of liability insurance coverage. Upon request, proof of such coverage must be provided to the Finance Department.

- Should an accident occur, to ensure full communication and disclosure between all parties, the driver should immediately contact:
  
  - Local authorities, as required
  - His / Her personal insurance company
  - His / Her supervisor
• The Finance Department

If an employee receives a car allowance as part of their employment, the employee is not eligible for a mileage reimbursement for the business use of their personal vehicle within the District boundaries, except as maybe provided within the agreement governing the car allowance.

d) Rental Vehicle

When more advantageous to the District, as compared to other means of transportation such as a taxi, parking should be considered before renting a vehicle may be rented. The traveler is responsible for obtaining the best available rate, in accordance with the District’s purchasing policy, commensurate with the requirements of the trip. When renting a vehicle for business purposes the employee should make sure to specify the District’s name on the rental agreement. The smallest possible vehicle size for the individual and group should be considered as the most cost advantageous to the District. Personal use of the rental vehicle is prohibited. No additional insurance should be purchased for the rental car, since the District has adequate coverage for rental cars in the District’s insurance policy. Rental Car Company’s may request personnel credit cards over procurement cards due to rental policy, but every effort should be made to make the final charges are paid on the District’s procurement card.

Should an accident occur the driver should immediately contact:

• Local authorities, as required
• The rental company, in accordance with the rental agreement
• His / Her supervisor
• The Finance Department

e) Miscellaneous Automobile Related Expenses

Toll road charges and reasonable charges for parking, while an employee is traveling or away from their assigned District facility on business, will be allowed. The location of the parking lot, garage, or meter as well as the business purpose of the trip needs to be documented. Obtain receipts where available or certify charge to Finance after travel.

f) Other forms of transportation

Taxi fares are allowable expenses for travel to and from a business destination such as an airport, hotel, conference site, or other
locations necessitated by the business trip (locations of personal interest are not allowed) when the date, origination, and destination are documented. When available, the use of public transportation (e.g., buses, subways) or a hotel / airport shuttle is encouraged. Reimbursement for the reasonable cost of tips related to these forms of transportation is also allowed. Obtain receipts where available or certify charge to Finance after travel.

64.1.2.0 Special Travel Situations:

a) Companion/Spouse/Family Travel Expenses

Payment of expenses for companion, spouse, or other family members of the employee is strictly prohibited.

b) Combining Business and Personal Travel

If an employee combines business with personal travel, only the business portion of the trip is reimbursable. This amount may not exceed the amount of reimbursable expenses which would have been incurred had the trip been strictly for business purposes.

If an indirect route is taken as a result of personal travel the reimbursement of expenses shall be limited to the lesser of actual costs incurred or the charges that would have been incurred via a more direct route. In the case of airfare, the employee must document the lowest reasonable cost for round trip coach airfare to the business destination, as well as submitting actual expenses. The District will reimburse the employee for the lesser amount.

c) Travel Extended to Save Costs

Additional expenses associated with travel extended to save costs (e.g. a Saturday night stay for air travel) may be reimbursed when the cost of airfare plus the additional expenses would be less than the cost of airfare had the traveler not extended the trip. These additional expenses include the additional cost of lodging, meals, and incidental expenses incurred in the vicinity of the business destination. If requested, the employee must provide documentation of the airfare savings derived from extending the trip.

d) Ground Transportation in Lieu of Air Travel

An employee may use ground transportation for personal reasons even though air travel is the more economical and efficient mode of transportation. In this case the cost of meals, lodging, mileage, parking, tolls, etc. while in transit by ground transportation will be reimbursed as allowed by District policy for these types of expenses. However, such costs shall not exceed the cost of airfare, based on the lowest available coach fare, plus costs to and from the airport terminal. The employee must provide documentation of potential airfare costs (on/near the days air travel would have been
utilized) before receiving reimbursement for the ground transportation.

If the employee’s election to use ground transportation results in additional time away from work the employee must use leave time for the additional absence from work.

### 7.04.1.3 Lodging, Meals, & Incidentals:

a) Lodging

Lodging expense is limited to the standard room rate for single occupancy for the minimum number of nights required to attend the function. The employee should request the government or corporate rate where available. Retain itemized receipt.

If multiple co-workers are authorized to travel and share accommodations the hotel room size should be appropriate to the number of employees sharing lodging. One employee, generally higher in the District’s organizational structure, should submit the entire lodging expense, making note of those employees covered by the lodging expense.

Stay(s) prior to or beyond that required for the function is the personal responsibility of the employee, see Special Travel Situations: Combining Business and Personal Travel. Any difference between the single occupancy standard room rate and actual room charges is also the personal responsibility of the employee. See Special Travel Situations: Companion/Spouse/Family Travel Expenses

### a) Per Diem Meal Allowance

1. Meals are expenses for breakfast, lunch, dinner, gratuities and taxes on those meals, which are incurred on travel status, and are reimbursable based on per diem rates. No receipts are required.

2. Per diem for meals will be reduced for any meals provided as part of a conference/function (excludes continental breakfast) using the guideline provided below.

3. Per Diem Rates

   i. Daily per diem rate is $50.59 per day for In-State travel and is inclusive of taxes and gratuity and incidentals (breakfast $10.13, lunch $14.00, dinner $26.00, and incidentals $5 on those days where the employee is not eligible for three meals at District expense).

   ii. Daily per diem rate is $60.64 per day for three meals for Out-of-State Travel and is inclusive of taxes and gratuity and incidentals (breakfast $12.15, lunch $15.00, dinner $33.00, and incidentals $5 on those days where the employee is not eligible for three meals at District expense).

   iii. Part day travel per diem is prorated by the meal component...
based upon when travel starts leave times.

<table>
<thead>
<tr>
<th>Meal</th>
<th>Leave Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>by 7:00am</td>
</tr>
<tr>
<td>Lunch</td>
<td>by 11:00am</td>
</tr>
<tr>
<td>iii. Dinner</td>
<td>by 5:00pm</td>
</tr>
</tbody>
</table>

Or

<table>
<thead>
<tr>
<th>First day of travel per diem pro-rated based on begging time for in-travel status</th>
<th>Pro-rated portion of the daily per diem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to 7:10 a.m.</td>
<td>100%</td>
</tr>
<tr>
<td>Prior to 11:00 a.m.</td>
<td>7821%</td>
</tr>
<tr>
<td>Prior to 6:00 p.m.</td>
<td>4853%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Last day of in travel status based on ending time of in-travel status</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to 7:10 a.m.</td>
<td>3148%</td>
</tr>
<tr>
<td>After 10:00 a.m. and Prior to 16 p.m.</td>
<td>6081%</td>
</tr>
<tr>
<td>Prior to After 16 p.m.</td>
<td>100%</td>
</tr>
</tbody>
</table>

b) Incidental

A per diem of $8/day is also provided (no receipts required) to cover incidental expenses such as reasonable personal telephone calls, etc.

58.0 Business Meals and Meeting Expenses:

a) Business Meals

Business meals are defined as meals purchased while meeting with a business associate during a meal period to conduct official business on behalf of the District and must be authorized in advance by the Executive Director. The employee’s meal and the meal of their business associate(s) may be allowed, excluding the cost of alcoholic beverages. An itemized receipt must accompany the Expense Report form and note the following:

• Date of the meal
• Nature of the business conducted
• Name and business affiliation of all attendees

Employees and Board Members are expected to use sound judgment and fiscal responsibility in assessing the need for business meal expenses.
In general, employees should not use their budgets to entertain or pay for meals of other District employees. Exceptions must be approved in advance by the Executive Director.

b) Meeting Expenses

No food or refreshments should be purchased, using District funds, for meetings of District staff or internal training activities unless the activity falls under one of the following categories:

- Employee and Volunteer Recognition events
- Quarterly Employee Informational meetings
- Team Meetings
- Job recruitment events
- Served to the public at large as a part of a scheduled District program
- District sponsored activity, event, or program where food is part of the event
- Formal / Posted meetings, involving the District Board, elected or appointed officials
- Employee or staff meetings where work or training needs to be conducted over a meal period
- The Executive Director may approve expenditures for other food purchases as deemed appropriate

The qualifying event should be noted on the food/drink receipt and/or expense reimbursement request.

c) Other

Employee recognition expenses are only allowable for established recognition programs.

Gifts are not allowable.

The purchase of greeting cards (i.e. sympathy, get well, birthday, holiday) are not an allowable District Expense.

69.0 Specifically Prohibited Expenses:

Employees are responsible for reviewing the complete Travel and Business Expense policy prior to traveling to determine allowable expenses and receipt requirements necessary for reimbursement.

Prohibited expenses include, but are not limited to, the following:
• Personal items, including personal grooming items
• Beverages and snacks, hotel mini bar charges
• Gifts
• Entertainment and recreation expenses, including hotel movies and health club activities
• Golf outings, fitness events or other “recreational” activities
• Alcoholic beverages
• Expenses for spouses, guests or family members

Conference registration related special events such as banquets, receptions, recognition and award events, etc. are only allowable for the District representative.

### 107.0 Expense Payment Options:

Direct payment, through the District’s normal accounts payable process, may be made for prepaid expenses such as conference registrations.

In addition, a P-Card holder may make purchases such as airfare tickets or rental car and hotel reservations on behalf of the traveling employee. The cardholder is then responsible for submitting the related receipts with their monthly P-Card statement. Cardholder’s are NOT allowed to give their P-Card or card number to another individual.

a) Expense Advances

Although not encouraged, an expense advance may be secured for outside the radius travel by submitting an approved purchase order along with an approved Travel and Training Request form to the Finance Department. The amount requested should be a minimum of $100 and should not exceed the amount budgeted for the trip, less any costs that have been prepaid by the District. Such advances shall be requested at least two (12) weeks prior to the date needed.

### 118.0 Reporting Expenses:

a) Be sure the outside of radius travel Travel and Training Request form is approved prior to incurring travel related expenses. In radius travel expenses, such as overnight stays and meal allowances should be requested from the Executive Director by email and copy the Finance Director on the email prior to incurring the expense.

b) Keep all receipts. Itemized receipts are required for lodging, meals, and other miscellaneous incidental costs. Receipts are also required for airfare, auto rental, taxi fare, and registration fees. The amount of any tips or gratuities paid should be noted on the applicable receipt.

c) Expenses paid directly by the District should not be included on the employee
e) Expense Report claim form, with the exception of meal expenses.

d) Receipts for expenses paid with a District’s procurement card should be retained for inclusion with your monthly procurement card statement.

e) All receipts being reported on the employee’s Expense Report form should be attached to an 8 ½” x 11” sheet of paper to prevent small receipts from being lost during the approval and payment processing cycle. Attach these behind the Expense Report form.

f) Be sure origination and destination has been noted on all taxi fares.

g) Be sure the location for toll and parking charges is included on these receipts. If receipts were not obtainable for these items reimbursement will be made for reasonable costs when the date, location, and amount paid are noted.

h) If a personal vehicle was used as transportation, document the miles traveled along with origination and destination. If mileage was not part of a “travel trip” a mileage log must be attached to the expense report documenting date, origination, destination, business purpose, and number of miles driven. A sample mileage log form is available for your convenience.

i) The amount of any travel advances must be subtracted from total expenses. If the employee’s travel advance exceeds allowable expenses the employee must attach, to the expense report, a check, made payable to the District, for the balance.

j) All expenses must be submitted within 20-45 days of the occurrence or, for routine or daily mileage reimbursement requests, at least quarterly.

k) Expense reports require the approval of the Department Manager/Director, or in the case of a Department Manager/Director the approval of the Executive Director is required. In the case of the Executive Director approval by the Chair of the Board. In the case of the Board Chair, by the Board Vice-Chair. In the case of a Board Member, by the Chair of the Board.

l) Any reimbursements received by the employee for business travel from a third party must be promptly remitted to the District by sending a check to the Finance Department.
Memorandum

To: Finance Subcommittee
From: Anthony J. Mortillaro, Executive Director
CC: Troy Bingham, Finance Director
Date: May 16, 2016
Re: Conversion of Outsourced Legal Services

Background: The District has historically obtained its legal services through an outsourced contract. The District currently pays a rate of $165 per hour. Recently, the District was approached regarding the possibility of considering the performance of legal services in-house. In regards to this concept, Staff evaluated approximately 5 1/2 years’ worth of legal fees and determined that legal services being performed in-house on a part-time basis could be advantageous to the District. Following is the data regarding the annual cost of legal services over the last 5 1/2 years:

1. Lowest monthly charge

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<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
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<td>FY2011</td>
<td>2,758.78</td>
</tr>
<tr>
<td>FY2012</td>
<td>2,142.11</td>
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<tr>
<td>FY2013</td>
<td>1,541.67</td>
</tr>
<tr>
<td>FY2014</td>
<td>1,553.03</td>
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<tr>
<td>FY2015</td>
<td>2,588.39</td>
</tr>
<tr>
<td>FY2016YTD 4.1.2016</td>
<td>3,377.73</td>
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Grand Total: 1,541.67

2. Highest monthly charge

<table>
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<th>Amount</th>
</tr>
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<tr>
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<td>FY2013</td>
<td>15,333.42</td>
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<tr>
<td>FY2014</td>
<td>11,631.28</td>
</tr>
<tr>
<td>FY2015</td>
<td>14,769.76</td>
</tr>
<tr>
<td>FY2016YTD 4.1.2016</td>
<td>16,108.06</td>
</tr>
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</table>

Grand Total: 16,108.06

3. Annual average fee by year

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>4,697.71</td>
</tr>
<tr>
<td>FY2012</td>
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Grand Total: 5,710.57
4. Annual costs

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Mr. Peter Dwyer, current contract legal counsel with the firm of Basham & Basham, has indicated an interest in serving as the District’s in house legal staff on a 21 hour per week basis. The position if approved by the Board would be overseen by the Executive Director, and it would be an at-will position as well as FLSA exempt and subject to the District's Personnel Rules and Regulations. Furthermore, if the work activities of the position required working in excess of 21 hours per week on a non-reoccurring basis there would not be any additional compensation beyond the 21 hour maximum. The position would be eligible for pro-rated benefits. Following is a cost analysis for this part time legal position.

**Staffing cost:** $40/hour* X 21 hours/week X 40% benefit load X 52 weeks = $61,152/year (staffing cost totals $43,680, benefits equal $17,472);

*hourly rate was established by surveying salaries of assistant city attorney’s working for the City of Santa Fe.

**Office expenses:** annual bar licensing fee $410/year, annual legal transit conference $2000; a fully outfitted vacant office with computer is currently available therefore no additional IT costs would be required.

**Total costs:** $63,562

In comparison the annual average annual fee was $68,520. Legal expenses performed in-house would result in an annual fixed expenditure. Internal legal services would be provided clerical support by the Executive Director’s Executive Assistant. Whereas, contractual legal services are open-ended and the management of the services is quite challenging. Often times multiple attorneys charge for various levels of review.

The work schedule would initially be 4 hours/week Monday – Thursday and 5 hours on Fridays. This schedule would be subject to modification after several months in order to determine what would be the best work hours/days to meet the District’s needs and to balance the employee’s commuting time.

**Recommendation:** It is suggested that the Finance Subcommittee discuss the request to convert the existing contracted legal services to an in-house position and provide a recommendation to the Board of Directors. The FY 2017 budget has $75,000 in contractual legal services.

**Attachments:**

None
ROLL CALL

APPROVAL OF AGENDA

CALL TO ORDER

A regular Finance Subcommittee meeting was called to order at 9:07 a.m. on the above date by Councilor Sheehey.

ITEMS FOR DISCUSSION/RECOMMENDATION

A. Review of Draft 2017 Budget

Mr. Mortillaro gave a brief overview of the budget process which is taken care of as a staff, utilizing the Long Range Strategic Plan and any Board direction received within the course of the year to drive the budget that is put together and provided to the Board for review and consideration. Explaining that not all things in the Long Strategic Plan can be funded due to it being a twenty-year document which requires substantial resources to fund; we try to allocate resources annually into the budget; staff prepares the budget requests, after meeting with them, they are given general direction for submitting and defending their budget.

Councilor Sheehy referring to the chart asked if approved by the Board on the May meeting if it would be enough time to get it to the state.

Mr. Mortillaro confirmed it would be enough time. Adding enough latitude was built into the document; in April it was taken to the Finance Subcommittee and taken to the Board in May for adopting a preliminary budget; if any direction or changes that are needed from the Board when adopting are provided, it then could be incorporated into a final budget presented to the Board in June; the final budget has to be conveyed to DFA by July 31st.

Councilor Sheehy asked if operations can continue until the end of the fiscal year.

Mr. Bingham confirmed and mentioned the preliminary budget has to be submitted by June.
Mr. Mortillaro went on to say, we give ourselves a month in case something comes up during the public hearing in June and is needed to adopt a final budget. In the case if something comes up during the June discussion we still have July to make adjustments or provide any information the Board requests; the Board then can adopt a final in July and still met the dead line submittal for DFA.

Adding this is the budget process we follow; it’s always worked and it gives the Finance Subcommittee the opportunity to present it to the entire Board and to dig dipper into the budget, if chosen to do so; the Board looks to the Finance Subcommittee to do some of the heavy lifting for them and to provide recommendations to the Board.

Mr. Mortillaro went on to say, one of his goals is to receive the GFOA award for the budget, award for the Comprehensive Annual Financial Report; in order to be eligible for the award, certain specific criteria’s have to be met in terms as to how your budget is presented in the document; the document which will be presented at the Board meeting will be more comprehensive in terms of specific data and policies, incorporating financial policies, data about our system as well as data about our service area; it will be more data intensive but the basic financial numbers will be the same unless changes are requested; the document in which it is submitted to the Board will be the same document submitted to GFOA; adding we will have to have some performance criteria as well.

Mr. Bingham mentioned the new budget format guide explains everything about the budget and steps on how we come up with the budget.

Ms. Van Buren asked if the prior year audits have anything to do with this award.

Mr. Mortillaro answered it is on its own merits; the CAFER which was approved by the committee was put in the format that GFOA requires; approval of the award has not been received.

Mr. Mortillaro indicated that a Budget Message is prepared for the Board and the citizens of the District; explaining the underlying bases for the budget which is presented; the budget is balanced with the use of reserve, those reserves that are proposed to be utilized are being used in alignment with the financial policies for the use of reserves; financial policies allow the use of reserves for new services; new services that are using these funds are the continuation of Mountain Trail Pilot and La Cienega; reserves can also be used for a Capital match to match the federal funds we are receiving; some reserves are being allocated towards that and also used for Capital needs which are not federally funded but are needed for the operation of the District. The budget as presented is 24% below last years amended budget; the budget which was adopted last year was amended during the course of the year due to receiving additional Capital Grants and Funds; an amendment was brought to the Board and was adopted as a result it amended the FY16 budget.

He went on to explain the District is at $273,000 dollars below our current approved spending plan for this fiscal year; areas attributing to the decline is Capital spending, we are not spending as much for Capital as last year. There are some carry overs in terms of projects; also have a decline in salaries and benefits, as the results of better projections of what is anticipated on spending in those categories; Contractual Services is declining by $35,000; some areas which are going up, $86,000 increase on operating; $140,000 increase in non-RTD.

Councilor Sheehy pointed out a correction needed to be made; 24% needs to be changed to 2.4%. Mr. Mortillaro acknowledge the missing period.

Mr. Mortillaro went on to mention the influencing things is the decline in Capital, salary benefits and contracts; although an increase in spending on operating and non-RTD, money that is allocated to Los Alamos County, Santa Fe Trails as well as the Rail Runner; looking at the total decline in spending plus the increase in spending...
the net decreases at 2.4%; we are continuing implementation of the new routes and continuation of several other routes; attempting to fund the Long Range Strategic Plan in terms of our regional planning efforts.

He went on to give an overview of Investment in Employees; we continue to invest in training and making sure their equipment is safe and appropriate to carry out services we provide, market salary adjustment, performance increases; funds are available for non-representative, will not disclose because we are starting negotiations, will talk about that on the closed session with the Board prior to entering into negotiations.

Mr. Mortillaro mentioned the drop down regarding the Revenues and General Revenues Summary on page 7 and more details on revenues on the Budget Summary on page 15 and turned it over to Mr. Lopez.

Mr. Lopez proceeded to refer to details on page 15 on revenues; descriptions of revenues; actuals for 2014 and 2015; 2016 operating budget; actuals as of April 13, 2016; 2017 budget request; first row is tax revenues which is the gross receipts tax; 2016 Operating budget was budgeted for $6,903,500 looking at a modest increase of 2.8%, $7,095,000; Los Alamos County increase at 7%; Taos 6% increase; Rio Arriba and Santa Fe County a 1% increase over the operating budget, overall 2.8%.

Mr. Lopez continued to explain Federal Grants; 2016 Operating budget of $3,781,000 down to $3,728,000; 2016 operating budget we carried over, 5311 capital outlay from 2015 to 2016; budget request for 5311 is at a 12% increase in our 5311 FTA for administration 12% increase from 2016 to 2017, preliminary numbers from DOT;

Further discussion continued on this item.

Mr. Lopez continued; 12% for administration; 4% for Operations; increase of $976,000 in Capital Outlay significant from previous year; 5311 Capital request was used for the purchase of 10-14 passenger buses; 5310 request, we receive $194,000 used to purchase 3-10 passenger busses; 5311C Federal Transit monies we did get although is not presented; $307,000 from the TAP program for the construction of the ADA improvements that are on transit subs; 3.7 million is what we are requesting.

Further discussion continued on this item.

Mr. Lopez moved forward to explain the Member Local Match requesting $73,000; $60,000 is for Santa Fe Mountain Tail contributions, expecting to get $15,000 from Rail Runner, Santa Fe County, City of Santa and Ski Santa Fe; $13,000 from Taos Ski Valley, $73,000 for non-federal routes; Local match for Los Alamos County contribution $350,000; in 2014 we had $450,000 going back to 2012 we were receiving $600,000. Dwindled down to $350,000 in 2016.

He moved on to State Capital Outlay, we have $93,000; looking at the 2016 operating budget of $301,312 that includes two years we had to carry over $175,000 from 2015 into 2016; last year’s appropriation was at $117,000. Investments, $20,000 is for the certificate of deposits that we are budgeting. Advertising sales, going down from 2016 to be conservative we are requesting $21,000 for advertising sales; $20,000 restricted for insurance proceeds. Fares, $40,500 for the Santa Fe Mountain Trails looking at generating $26,500; $14,000 for Taos Chili Line and Taos Express.

Mr. Bingham mentioned he tried to be more conservative on fares then we had been in the past; not projecting any sort of growth, if anything we will see growth on is On-Demand routes.

Mr. Lopez went on to explain $144,500 is for operating the Santa Fe Mountain Trail utilizing cash balance in accordance to our financial policies in La Cienega and Mountain Trails route; cash balance of $689,000 is
accrued from the Capital Outlay; this is in compliance with the financial policies. Adding we will be carrying $228,000 from FY16 to FY17, cash balance.

Mr. Bingham added as we get further into the budget; with Capital we were able to buy 14 busses and buyout the lease bus this year, still keeping with the same Capital Outlay; we acquired Taos which made us larger, we were able to acquire due to those federal dollars being better than expected.

Mr. Mortillaro stated we are planning on purchasing the lease bus; adding they are giving us a 50% credit against the lease payments we made to date.

Mr. Sheehy asked if that route was discontinued if we could use the bus on other routes.

Mr. Mortillaro confirmed the bus can be used on other routes.

Mr. Mortillaro moved on to the next item Expenditures, turning it over to Troy.

Mr. Bingham gave an overall description of Expenditures; on salaries we budgeted $4,019,000 for FY16, we are down with a more conservative budget; we are trying to factor in on what came out of the audit RFP is our auditor talked about our budget variances, one of our budget variances is salary, we are employing a salary saving factor into this number, we are anticipating a attrition or turn over; confident to have a vacancy saving factor of $163,000 in this budget; the biggest jump in salaries from FY15 to FY16 actuals are we are mirroring what we spent in FY15 because of Taos as we acquired a $600,000 system and took on Mountain Trail and La Cienega; what we are doing in 8 months, we will then need $3.7 million dollars for next year to cover 12 months of the year. Adding we are reflecting an increase for health insurance at 1% which is factored into that number as well. Contractual, we will be looking for items related to going out to the voters and finding out about relieving the sunset clause on our GRT.

Referring to page 17, Operating savings, we are up; the key area mentioned at our Board meetings is our vehicle maintenance has been our highest spike for this year; if money is taken out of fuel and reallocated toward vehicle maintenance line items, keeping in mind we have more busses then we've had before; we allocated some of the fuel savings into the budget line item, hoping this will get us to where we are not exceeding vehicle maintenance costs every month for FY17. Overall increase will see spikes in the Avail maintenance cost; a one-year spike to get the Taos project off and running in FY16; we have to do a maintenance cost for FY17; for one year, it will come back down at that point. Overall increases are caused for non-RTD we give them a budget based off of our financial policies; when we see increases in GRT they see increases in allocations to them; they have to justify based on their agreement on how they spend their money; we look at the cross allocation quotes and make sure they are spending it as we identified. Capital Outlay, you can see the actual line items at $2 million this is for expenses for IT hardware and software; IT would be the Avail contract. It is a one-year increase at $30,000.

Mr. Bingham suggested to move on to individual departments.

Mr. Mortillaro referred to page 18 on packet regarding the administration budget; a slight increase of $30,000; salaries and benefits reflects the 1% increase in health insurance as well as the 3% overall adjustment, based on the performance matrix; employees who meet their performance criteria have the eligibility to receive an increase for performance between 0% – 4%. Contractual services, an increase in legal by $20,000; legal fees are up, will be up for multiple years; will be addressing this in some fashion in the near future and will have more information for the Board as we go into the next several months about how we can take another look at legal.
Mr. Mortillaro added he wants to start to get ready for the 2018 election on the Sunset; $55,000 in contractual services for polling and strategy development and public communications, etc. It takes a lot to be lined up for a four county election; each of the counties has to adopt resolutions, ordinances and all the clerks have to get that ballot question placed on the ballot; we have to do two polling surges, the initial one to see what that reveals and secondly in the strategy we talked about polling, to see what the temperament may be for an increase GRT besides just the elimination of it. We will have our rider’s survey data to accompany this strategy; adding we don’t have the staff resources to carry it out internally, will have to hire agencies to help with this strategy. He went on to explain the $55,000 and $20,000 equals to $75,000 and you only see a $57,000 increase, what happened; there used to be $25,000 in contractual for H/R, which was in the Admin budget and is now a standalone and has been shifted over to Daria’s budget; this is why it is a net of $57,000. In terms of the Operating expenditure there are no substantial changes.

Mr. Mortillaro asked if there were any questions.

There were none.

Mr. Mortillaro proceeded to present the Public Information Office; Jim does an extensive job on looking at what print publications we go in, how much digital advertising buys we do, bill board, cable television, and radio. He takes a look at that and annually he adjusts what he feels is the best bang for the buck and where we need to be focusing our advertising on; some of the publications are more expensive than others; sometimes that is the only choice you have when advertising; Jim tends to wait till the last minute with them, knowing that they get desperate because they have not filled all their space and they start to reducing the price. IT hardware, software support is related to the Adobe Cloud; used in graphic design, that includes our annual fee and there is budget for our graphic design services that is paid on an hourly basis; our annual report cover design is done externally to a large degree but to an extent that we will do what we can internally. We purchase certain promotional items that we buy to promote the RTD; items that one can retain and remind them of our services. Dues and subscriptions are straight forward; we participate in all Chambers of Commerce in the four county area, paying membership dues; we try and stay cognizant as to what is going on within our service area by subscribing to the newspapers. Printing is the same although we’ve added $10,000 for the Veterans Outreach Program; we have to make a match contribution toward the Outreach, the state got a grant on that program and we are a part of the group that is utilizing those service; we committed to a $10,000 match on that. We prepare an annual report on route schedules, brochures, system booklets, what we can do online and disburse as an electronic document we do, but there are somethings we cannot get away from not printing. Training and registration fees are the same; we’ve added training and conference cost for Cristina who is our Marketing Coordinator; the budget is down; having it decreased doesn’t take away from the things we do or need to do in terms of keeping our name and services out there with the public.

Mr. Mortillaro introduced Human Resources, Daria; she will be talking about her budget.

Ms. Veprek began by explaining the overall budget is going to be down compared to FY16 and mentioned a few changes made particularly in terms of contractual services and terms of advertising, these were our highest expenses due to utilizing those resources for recruitment; calculation for recruitment is roughly at $300 for hire. Contractual services are at $4000; we have implemented a computerized performance evaluation system, Performance Pro; the initial cost is at approximately $3,000 including the training component of implementing it and roughly $1500 in fees thereafter for the license. Advertisement, we are projecting a decrease by 50%, because of the social media option that can decrease the advertisement cost. Promotional budget is kept the same, it is adequate for the times of events which are planned for the next fiscal year. Office Supplies budget has a slight increase; needing new supplies and tools to better organize the office and needing extra supplies as H/R is now a separate department.
Councilor Sheehey asked about the big jump in adding general employee insurance.

Mr. Bingham replied that is a strategic move made in budget; putting the insurance where the benefits have the most effect, General Liability Insurance; as Daria is doing training to an employee she can mitigate the cost of insurance; we want that insurance to be in a department that effects and sees the most benefits. The insurance used to be in the Operations side and we have brought this portion to the H/R budget since Daria trains and will hopefully mitigate that cost and keep it to stay at the same cost.

Mr. Bingham added this is internal liability insurance; this is for EEO, harassment, employment, civil rights claims and related violations which have been alleged; these are all captured in the $31,000 insurance; from the Municipal League which we plan to rebid the process in December.

Further discussion continued on this item.

Mr. Mortillaro gave a brief overview of a new department, Planning Department; in the past it has been in Admin and Operations Admin, this year because of the addition of a new Planner; felt it was appropriate to break this department to its own. He then turned it over to Stacey to walk thru her budget.

Ms. McGuire began to explain the Planning budget; based expenses are for salary; contractual services, we have a place holder for $10,000, this is a cushion for an opportunity to move forward if need to employ an outside service; whether it be for benefit cost analysis, grant application or something highly analytical we feel may be better suited with more expertise to perform then we have in house; internet and postage straight forward; IT hardware and software has $10,000 this is specifically for software put in place to allow us to have a geographic data base; from bus stop, facilities at each bus stop this will be a data base we can manipulate and use to create maps for new routes; $3,200 for trainings and registration fees.

Further discussion continued regarding trainings for this department.

Councilor Sheehey commended Ms. McGuire for the good work she has done bringing in Grants for the District.

Mr. Mortillaro introduced Annette Granillo as our new Operations Manager, adding Ms. Granillo has been with the District for two weeks; Mr. Bingham worked on the budget with Mr. Kelly before he left and with Ms. Granillo when she came aboard; Mr. Bingham will give the presentation for Operations and mentioned the Fleet and Facility Department has been separated from Operations and is now on its own budget.

Mr. Bingham began by giving a brief overview of the Operations budget, adding this is one of the smallest budgets we have, consisting of two employees, Annette and Michelle; it used to include Stacey and Holly, Planning Department was a part of Operations; a decrease in payroll because the Planning Department is now created separate from Operations. Operations is in charge of all drivers which is the most payroll we have for the organization and they are in charge of the Avail contract; the overall expenditures of $91,000 as compared to $24,000 for ITS hardware and software support that is a onetime increase of $60,000, it will level off at about $60,000; 5% increase on the contract and still have three years left on it; this one-time spike is to pay for licenses for the Taos busses that are getting the full package of Avail; tried to loosen up on going over on printing and office supplies; all the stuff that goes on the busses to fill out paperwork all that comes through this office; they do all the payroll for the drivers and payments for Fleet, a lot of this is day to day office work for all the employees out in the field. Their budget did go up but if you take out that increase for Avail and a decrease from taking Stacey out of the budget, again wanted to loosen this budget because it is tight and wanted to honor the fact that departments can’t go over their budget.

Ms. Van Buren asked if the biggest fluctuation is taking Planning staff out was of the salaries and IT hardware.
Mr. Bingham confirmed.

Mr. Bingham moved on to Drivers on page 24; this is where we talked about the salaries savings implemented into that number; budget for salary is $2.6 million and in FY17 we will be going into $2.2 million; the biggest factor is looking into budgets for salaries to be more accurate; if someone is not taking the family plan, we don’t need the budget for the family plan; we anticipate people will stay in the same insurance plan; it is anticipate the 2.2 to be sufficient as you can compare it to actuals we are well above those. Keeping in mind Taos, Mountain Trails and La Cienega was brought in and those activities have to be captured in FY16 and FY17; looking at the salary line closely, overtime is the biggest factor; if we have a lot of people out and covering overtime that is not helping us; we feel the staffing level we allocated is the same as last year we feel we can position people at better places and mitigate overtime. That’s not to say we didn’t increase the overtime budget because we did see higher than expected on overtime this year; a lot of the routes are new and when we are done with the Mountain Trails routes things happen; we have people working overtime to cover hours or busses are running late.

Mr. Mortillaro added we have employees out on FMLA leave and sick leave usage is still a challenge in the driver ranks, this influences an impact on budget.

Further discussion continued on this item.

Mr. Bingham went on to discuss the salaries savings; looking at a five years’ worth of history and having a H/R Manager, our turnover seems to be reduced; we are trying to ease into the savings idea in the budget but it’s an effort to try to match our budget to match our actuals, so we don’t show large variances; the more accurate we get the better bond ratings we get in the future.

Mr. Mortillaro added the other complexities that we have on staffing is that we have CDL and non-CDL routes and that gets challenging in terms of staffing and coverage; we can have vacancies in the CDL routes but if we don’t have enough CDL drivers, we can’t put a non-CDL driver on the route; your only choice is to put a non-CDL bus on that route if you can do it from a non-CDL stand point; making it a juggling act when someone calls off and the supervisor have to find the right people to fill those routes.

Mr. Lopez mentioned that is cheaper to pay overtime because you are not paying benefits, you’re paying time in a half verses salary and benefits.

Ms. Granillo mentioned other than the salaries, we will be going into Union negotiations which will make an interesting topic on how the budget actually flex those negotiations is going to be a big instrument on this; it will be a challenge applying those negotiations to the contract.

Mr. Bingham moved on to Fleet the second biggest department referred to pages 25-26; fuel being the largest expense in one single line item, we are going from $495,000 to $416,000 this year, you see the actuals over the previous two years and where we are at today for eight months of the year; believe we are safe to reduce this line item and move it towards other line items, replacement parts, tires and vehicle maintenance, you will see those going up from $112,000, $50,000, $114,000; we are trying to strategically move that, hoping we do not need that budget but we don’t know what the new vehicles are going to do for us as compared to how much we are going to need in the future; one fourth of our fleet gets replaced but that is still three quarters of the fleet that’s off of warranty and has to be taken care of; as we can lower the mileage on our the vehicles when we replace them, that’s going to be the beneficial factor that is going to lower our vehicle maintenance costs. We moved the insurance out of this budget, fleet had no effect on what the general liability policy was; we do think it has an effect on the vehicle insurance policy; as Fleet works with our drivers and Risk Management areas we hope we
can mitigate our $70,000 in vehicle insurance, this will go out to bid later in the calendar year and hopefully our insurance provider either the Municipal League or new provider will provide us training in things we can do to mitigate the vehicle accidents we’ve had; the insurance has been from $56,000 in 2014 to $74,000 now, that is another expense we need to keep in mind in this budget; overall they have to handle everything in this budget as far as anything we ask, fixing shelters, etc.; in the past it has been in this budget, what was done to focus this budget on fleet is to create a new Facilities Department.

Mr. Bingham moved on to Facilities referring to page 27; in this budget we took half from the managers salaries and put it into budget and left the other half in the other department; there is one employee specifically related to facilities; facilities is the Espanola, Taos building and all the 338 bus stops, most are signs; there are shelters we are starting to implement; we pick up trash if they have trash cans, mowing around the facilities and upkeep of the landscape; the building is getting older and new maintenance items come up; we put everything in facilities to allow that budget for the costs to run those buildings and bus stops; the budget is at $204,000; we did look at the old fleet budget where the budget was prior to getting this information; contractual services, janitorial contract other than hiring a janitor and paying benefits and pension we out sourced that to a local provider; contract is on a one year with two extensions; building maintenance $16,925. Last year we budgeted $40,000 on Utilities, this number will stay the same.

Mr. Mortillaro proceeded to Non-RTD, referring to page 29; this is up 3.15% over last year; projections for allocations for the Rail Runner is 50% of anything that is generated in Santa Fe County; City of Santa Fe gets 14%; Los Alamos County gets 20%; these number were conveyed to both entities as they were preparing their budgets; this is what they are planning on putting into their budget for their respective agencies.

Mr. Bingham pointed out that on the FY16 budget he accidently swapped the City of Santa Fe and Los Alamos County budget; on the final version will be corrected with City of Santa Fe at $1,380,700 and Los Alamos County at $966,490.

Mr. Mortillaro moved on to Staffing and Organizational Structure, referring to page 32; no new positions were requested for this fiscal year; some temp positions were changed to full time drivers. Referring to the organizational chart on the packet stating this is our structure for the time being; adding we have one vacant position, Fleet and Facilities manager.

Further discussion on this item continued.

Mr. Mortillaro proceeded to Professional Standards and Values, referring to page 33; we adhere to this and expect employees to conduct themselves in this fashion; they have to go through a training program when they come aboard; it is required for them to review when they apply so there are no surprises and they can ascertain for themselves if their values align with ours. Moving on to page 34 and 35, has more detailed position history, showing the FTE number and number of bodies that are in those positions; in Admin we rolled Transit, Planning and Marketing into this category and show how it has changed over the years; Finance has been static since 2011; Operations Admin. is static, where you see the deviation from 4 to 2 is on moving Stacey and Holly back into the Admin side; some positions in 2011 have been budgeted for but have not been filled, we got rid of those positions; page 35 Operations of drivers, referring the part-time, no benefits temporary hours, we were budgeting for 4.7 FTE’s, based on our union contract we can only keep a temp on board for 800 hours, equaled to 12.3 bodies; in order to keep those positions year round we converted 3 of those positions to full time in reducing the number of temp hours so that we will be budgeting for the equivalence of 2.2 FTE’s about 5.8 individuals; Driver II CDL’s have increase from 16.3 to 19.3 by moving the 3 temps to a full time equivalency.

Further discussion continued on this item.
Mr. Mortillaro proceeded to go over Fleet and Building mentioning on how facilities has grown as we have acquired facilities; prior to 2012 we did not have this facility, moved in on August; after the move we had to hire people to maintain it and as we acquired the Taos system we the acquired a mechanic; we do our own mechanic work in Taos; mechanic work is not done here since we do not have the facility or equipment for that; we will be looking at those issues in the future; FTE count for 2016 and 2017 are the same, although the number of bodies changed because of the conversion of the temporary FTE’s to full time; our person count will be down four positions overall; again it’s making sure we have enough capacity to have people to deliver the services we need and to staff the seasonal routes.

Mr. Mortillaro moved on to Capital Improvement Plan, referring to page 36-37; referring to the spreadsheet, discussed what we are proposing to spend on this year’s Capital budget and what’s planned out for the future; adding we have a plan and a concept of what we need in the future and how soon we need to replace things for FY17.

Referring to the Budget message on page 9; he mentioned we budgeted for the replacement of a Admin service vehicle, this is a carryover from this year; we had purchased the replacement vehicle but refused to accept the vehicle because it did not have all the equipment we originally ordered; we re-budgeted, we are not buying an additional vehicle; it will be a carried over from this year. We are planning to replace 12 - 5311 units; one will be a leased buy out, owning this bus will allowing us to use the bus on any routes; 5310 units, we will be replacing 3 units totaling $142,000; purchasing 4 transits; $25,000 for replacing shelters and stops and incorporating solar lighting; $10,000 on bus stop service improvements, occasionally have to fix bus stops; Transit Alternative Program, for ADA improvements this is for the next phase project, we have gotten the award of $366,000, we have not gone out to bid on the construction, still trying to get phase II spent and done; stand by emergency generator and pad and fencing, $60,000 was budgeted last year; approval for on call contract engineer services was formally approved, we had an engineering company came in to help us develop the specs for the stand by emergency generator.

Mr. Bingham went on to explain our goal is to put in an engineered plan; we will be going out to bid this fiscal year with the anticipation of award for the next fiscal year; the budget estimate put together at $103,000 construction at 10% contingency estimating to spend less than $93,000, we do not know what we may run into in the parking lot; we have a three phase power coming into the building, often losing one of those phases causing havoc on our copier, leading to a high repair bills; this is needed to mitigate those expenses and take care of other issues.

Further discussion continued on this item.

Mr. Mortillaro moved on to speak about the copier; the copier we currently have is five years old, continuously giving us problems, older technology; we have looked at leasing it and can’t justify paying a company 8% return every year; we budgeted to purchase a new copier and will have a maintenance contract on it.

Office additions, last year we budgeted to do the addition of the executive’s conference room and convert the prior conference room to two offices; this is to move dispatch to the open space in the back and create two extra offices to utilize and repurpose that space.

Mr. Mortillaro explained the Replacement of bus DVR; currently we have Angel Track System and would like to replace with the Apollo camera system, with a live view function, this will allow us to look into a bus live, only used as needed; all the busses in Taos came with the live view function, as we upgrade all of our busses will come with the Apollo camera system and DVR; this is to upgrade our Angel Track System to the latest DVR’s with Apollo System.
Mr. Bingham went over the Vehicle Interactive Voice Response; money was given to us by DOT, it is under our Capital Allocation; this is used as a touch prompt system in our phone system that allows them to choose what routes the customer want to hear about or times that are listed, this is a second alternative for customers to be connected. This $30,000 investment gives us a full of the Avail as far as notifying the public.

Mr. Mortillaro proceeded to the Long Range Strategic Plan and Fund Balance Analysis on page 39; in 2011 the Long Range Strategic Financial Plan was put together for the District and Board we went through a process with the partners selecting the Moderate Case Scenario; this was adopted by the Board to use for Long Range Financial Planning; this Moderate Scenario is what we project out as our best estimate of what things can look like in the future financially for the District and a long term view of any modifications we may have to make in spending patterns or to revenue acquisition; we also look into what is happening to our Fund Balance; Using certain assumptions in terms of the revenue and expenditure stream to see if they are balance, if not then we have to dip into reserves.

Mr. Bingham gave a brief overview of the graph presented.

**Councilor Sheehey made a motion to recommend the proposed preliminary 2017 budget to the NCRTD Board for approval. Ms. Van Buren seconded the motion and it passed by a unanimous voice vote.**

**B. Quarterly Investment Report**

Mr. Bingham proceeded to go over the all was moved to a year we can’t beat the market unless we get the 30 bases points

On the budget we are projecting a higher investment we’ve earned the total amount of budget at the third quarter of this year doing better than last year.

**Councilor Sheehey made a motion to forward the Quarterly Investment report to the Board. MS. Van Buren second the motion and it passed by unanimous voice vote.**

**C. Minutes from February 26, 2016**

Mr. Mortillaro asked the Finance Subcommittee to review and approve the minutes from February 26, 2016.

**Ms. Van Buren made a motion to approve the minutes for the Finance Subcommittee from February 26, 2016 meeting. Councilor Sheehey seconded the motion and it passed by a unanimous voice vote.**

**MATTERS FROM THE SUBCOMMITTEE**

**ADJOURN**

**Councilor Sheehey motioned to adjourn the meeting. Ms. Van Buren second the motion and it passed by a unanimous voice vote.**

Next Finance Subcommittee will be held May 27, 2016 at 9:00 AM.