

*NOTE
MST
July 22/14*

To: Board of Directors
From: Carl Sedoryk, General Manager/CEO
Subject: RTA Start-up costs

RECOMMENDATIONS:

Receive update on requests for RTA members to forgive a portion of RTA start-up costs.

FISCAL IMPACT:

\$108,505 owed by the RTA to its member jurisdictions.

POLICY IMPLICATIONS:

According to Section 4 of the RTA Joint Powers Agreement, "...the RTA may request Parties to pay pro-rata costs relating to formation of the RTA, and to meet cash flow requirements during the period for which taxi fees may not fully cover start-up costs. It is the intent of the Parties to recoup these costs from taxi fees and rebate, in full, all funds advanced to the RTA by the Parties to the Parties." As such, your Board had previously requested staff to ask member jurisdictions whether or not they would be willing to forgive some or all of the start-up costs incurred by the RTA during its first two fiscal years of operations.

DISCUSSION:

Once RTA member jurisdictions pay back MST start-up costs totaling \$108,505 (\$127,427, less \$18,922 in MST staff time to be forgiven to the RTA by MST), the debt of \$108,505 is then owed by the RTA to its member jurisdictions. Whether some, all, or none of the start-up costs debt is forgiven by the member jurisdictions can still be considered on a case-by-case basis, pending direction by your Board. To date, only Sand City has indicated its willingness to forgive its entire portion of this debt, while other jurisdictions, including Seaside, Del Rey Oaks and Pacific Grove, are opposing forgiveness of most or all of their portions of the start-up cost debt.

Despite the uncertainty as to which RTA member jurisdictions would be willing to forgive some or all of the start-up costs owed to them by the RTA under Article 4 of the JPA, MST has made a good-faith offer to forgive the \$18,922 in staff time incurred during FY 2011 and FY 2012 working on the RTA to help defray the overall total to be reimbursed to MST by the member jurisdictions. Upon receipt of invoices from member jurisdictions seeking repayment, staff will return to your Board with an update and a

recommendation for allocating any reserves that may be available -- or for increasing permit fees -- to cover these potential amounts due to member jurisdictions.

Prepared by: Carol A. Sotomayor