



Northern Arizona Intergovernmental Public Transportation Authority

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NOTICE AND AGENDA OF PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION OF THE BOARD OF DIRECTORS (BOD) OF THE NORTHERN ARIZONA INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the Board of Directors of the Northern Arizona Intergovernmental Public Transportation Authority ("NAIPTA") and to the general public that the Board will hold a meeting on:

Wednesday, March 15, 2017

10:00am

NAIPTA VERA Room

3773 N. Kaspar Dr.

Flagstaff, AZ 86004

Unless otherwise noted, meetings held in the Conference Room are open to the public. This is a WEB BASED meeting. Members of the Board of Directors may attend in person, by telephone or internet conferencing. Public may observe and participate in the meeting at the address above.

The Board of Directors may vote to hold an executive session for the purpose of obtaining legal advice from NAIPTA's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3). The executive session may be held at any time during the meeting. Executive sessions are not open to the public, pursuant to Arizona Open Meeting Law.

Pursuant to the Americans with Disabilities Act, persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Clerk of the Board of Directors at 928-679-8922 (TTY Service 800.367.8939). Requests should be made as early as possible to allow time to arrange the accommodation.

The agenda for the meeting is as follows:

-pages 1-3

1. CALL TO ORDER
2. ROLL CALL AND INTRODUCTIONS
3. APPROVAL OF MEETING MINUTES: 2/15/17

-pages 4-9



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4. CALL TO THE PUBLIC

The public is invited to speak on any item or any area of concern that is within the jurisdiction of the NAIPTA Board. Comments relating to items on the agenda will be taken at the time the item is discussed. The Board is prohibited by the Open Meeting law from discussing, considering or acting on items raised during the call to the public, but may direct the staff to place an item on a future agenda. Individuals are limited to a five-minute presentation.

CONSENT ITEMS:

All matters under Consent Agenda are considered by the Board of Directors to be routine and will be enacted by a single motion **APPROVING THE CONSENT AGENDA**. If discussion is desired on any particular consent item, that item will be removed from the consent agenda and will be considered separately. All items on the Consent Agenda with financial impact have been budgeted.

5. APPROVE THE FY2016 FINANCIAL AUDIT REPORT -pages 10-18

-Lauree Battice, Business Manager

Staff recommends the Board of Directors approve the FY2016 Financial Audit Report as completed by Fester and Chapman P.C. and approve corrective action plan to address a deficiency.

DISCUSSION / ACTION ITEMS:

6. FY2018 BUDGET MESSAGE -pages 19-25

-Jeff Meilbeck, CEO and General Manager
Discussion only.

7. SERVICE BOUNDARY POLICY DISCUSSION -page 26

-Jeff Meilbeck, CEO and General Manager
Staff recommends the Board of Directors hold a policy discussion about the provision of service outside the NAIPTA boundary.

8. FY2017 COUNTY TAXI VOUCHER PROGRAM RECOMMENDATIONS

-Kate Morley, Mobility Planner -pages 27-29
Staff recommends the Board of Directors consider changes to the FY2017 County Taxi Voucher Program for action in April.

9. NAIPTA'S 2017 5-YEAR TRANSIT PLAN UPDATE AND CHOICES REPORT

-Erika Mazza, Deputy General Manager -pages 30-31



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The Board may take action, but no recommendation is being made.

10. CHIEF EXECUTIVE OFFICER (CEO) EVALUATION PROCEDURE

-Veronica Hipolito, NAIPTA Board Secretary -pages 32-40

Recommend the Board of Directors adopt a CEO evaluation procedure.

PROGRESS REPORTS:

11. WINSLOW TRANSIT PLAN

-page 41

-Kate Morley, Mobility Planner

12. PENDING 2018 TRANSPORTATION TAX RENEWAL

-Jeff Meilbeck, CEO and General Manager

13. EMPLOYEE SATISFACTION SURVEY

-Jeff Meilbeck, CEO and General Manager

14. SUMMARY OF CURRENT EVENTS

-Jeff Meilbeck, CEO and General Manager

ITEMS FROM COMMITTEE AND STAFF:

15. SCHEDULE NEXT MEETING DATE AND IDENTIFY AGENDA ITEMS

Annual Agenda Calendar -page 42

The next Board meeting will be on Wednesday, April 19, 2017 and it will be a WebEx meeting based in Flagstaff in the NAIPTA VERA Conference room, 3773 N. Kaspar Dr., Flagstaff, AZ 86004 at 10am. The public is invited to attend. April agenda items will include but not be limited to the HIPPA Plan, 5310 Grant Application, County Taxi Voucher Program-Public Hearing, Disadvantaged Business Enterprise (DBE) Program and an Executive Session for the CEO Evaluation. The April agenda will be available for review on NAIPTA's website and at NAIPTA's public posting places (listed on the NAIPTA website) at least 24 hours prior to the meeting, and should be consulted for a list of items that will come before the Board.

16. ADJOURNMENT



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Board of Directors Minutes for Wednesday, February 15, 2017

NAIPTA

3773 N. Kaspar Dr.

Flagstaff, AZ 86004

NOTE:

IN ACCORDANCE WITH PROVISIONS OF THE ARIZONA REVISED STATUTES THE SUMMARIZED MINUTES OF NAIPTA BOARD MEETINGS ARE NOT VERBATIM TRANSCRIPTS. ONLY THE ACTIONS TAKEN AND DISCUSSION APPEARING WITHIN QUOTATION MARKS ARE VERBATIM.

The Board of Directors met in Regular Session on Wednesday, February 15, 2017 at 10:00 am in the NAIPTA VERA Room, 3773 N. Kaspar Dr., Flagstaff, AZ 86004.

This was a WEB BASED meeting. Members of the Board attended in person, by telephone or internet conferencing. The public was invited to observe and participate in the meeting at the address above.

BOARD MEMBERS PRESENT:

Art Babbott (Chair), Board of Supervisors, Coconino County;

Scott Overton (Vice Chair), City Council, City of Flagstaff;

Eva Putzova, City Council, City of Flagstaff;

Joanne Keene, Executive Vice President and Chief of Staff, NAU;

Charlie Odegaard, City Council, City of Flagstaff, alternate (left at approximately 11:27am)

**Three of our five Board member seats must be present to constitute a quorum.*

***The City of Flagstaff holds two seats.*

BOARD MEMBERS EXCUSED:

Matt Ryan, Board of Supervisors, Coconino County, alternate;

Jamie Whelan, Vice Mayor, City of Flagstaff, alternate;

Rich Bowen, Associate Vice President for Economic Development, NAU, alternate;

Colleen Smith, President, CCC;

Veronica Hipolito (Secretary), Dean of Students, CCC, designee

NAIPTA STAFF IN ATTENDANCE:

Jeff Meilbeck, CEO and General Manager;

Erika Mazza, Deputy General Manager;

Heather Dalmolin, Administrative Director (by WebEx);

Jacki Lenners, Marketing Manager;

Jon Matthies, IT Manager;

Anne Dunno, Capital Project Manager, approximate 11:08am arrival;

Kate Morley, Mobility Planner;

Alicia Becker, Transit Planner;

Rhonda Cashman, Clerk of the Board;



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Fredda Bisman, NAIPTA Attorney (by WebEx)

GUESTS PRESENT:

Todd Madeksza, Coconino County Public Affairs Director, NAIPTA TAC Member, left at approximately 11:27am;

Kendra Edens, Coconino County Resident, Williams Taxi, left at approximately 11:27am;

Jason Kelly, Northern Arizona Council of Governments (NACOG);

Dolores Paredes, Flagstaff Resident, Coconino County Community Services

1. CALL TO ORDER -Chair Babbott called the meeting to order at 10:00am.
2. ROLL CALL AND INTRODUCTIONS
3. APPROVAL OF MINUTES 1/18/2017

Director Keene moved to approve the minutes as presented. Vice Chair Overton seconded. There was no discussion. All approved, none opposed. Motion carried.

4. CALL TO THE PUBLIC

Mr. Meilbeck welcomed Joanne Keene to the Board, representing Northern Arizona University (NAU) and asked her to please thank Rich Payne for his many years of service on the Board. Chair Babbott also welcomed her.

CONSENT ITEMS:

All matters under Consent Agenda are considered by the Board of Directors to be routine and will be enacted by a single motion APPROVING THE CONSENT AGENDA. If discussion is desired on any particular consent item, that item will be removed from the consent agenda and will be considered separately. All items on the Consent Agenda with financial impact have been budgeted.

5. ADOPT FY2018 MEETING CALENDAR
-Rhonda Cashman, Clerk of the Board
Staff recommends the Board of Directors adopt the FY2018 meeting dates.

Vice Chair Overton moved to approve item 5 under the consent agenda. Director Putzova seconded. All approved, none opposed. Motion carried.

DISCUSSION / ACTION ITEMS:

6. COCONINO COUNTY TAXI VOUCHERS: ROLE AND SERVICE LEVELS – WORK SESSION
-Kate Morley, Mobility Manager



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Staff is seeking direction from the Board regarding what NAIPTA's role outside of the NAIPTA boundary is, what service level should be provided, by who, and what method of service delivery.

Ms. Morley reviewed a PowerPoint presentation with the Board. She reiterated Mountain Lift clients are also eligible for the Taxi Voucher Program due to being functionally unable to ride the fixed route. Chair Babbott requested staff research the most efficient way to deliver service, even in our boundary. NAIPTA's boundary is the same as the Flagstaff Metropolitan Planning Organization (FMPO). The chart of programs and costs was reviewed in detail. Chair Babbott asked for the number of trips in the City Taxi Voucher Program and he was told the number was not available at that moment. It was confirmed NAIPTA only pays the true cost of the trip up to a cap of \$30 per voucher for the County Taxi Voucher Program. It is a paper system. There was a question about how vouchers are used, particularly how many are used for long trips. A slide was reviewed with location information. Last year the City of Flagstaff picked up the funding shortfall. The increased demand for the program is thought to be from an increased word of mouth awareness of the program and our aging population. Each voucher is good for one trip. It is thought that most people use them roundtrip, so two vouchers are used when they go somewhere. NAIPTA has new software so it will be easier to track eligibility and usage going forward. The program allows for 12 vouchers per user, per month. The focus is on mobility. Options were discussed, including fixed route, paratransit, taxi vouchers and shared economy. An estimated cost comparison was reviewed. The trip purpose is approximately 2/3 for medical and 1/3 for shopping. Ms. Morley has spoken to Flagstaff Medical Center (FMC), Northern Arizona Council of Governments (NACOG) and others about this. She is in a data collection phase right now. FMC has spent approximately \$40,000 getting people home. We are not sure if this is related to the Affordable Care Act (ACA). North Country has a mobile unit. Mr. Meilbeck noted this is a national issue and it is complicated. The question remains regarding who will provide service: NAIPTA, Human Service Agencies, NACOG, Coconino County or Medical Service Providers. NACOG receives 5310 mobility management funds from the federal government. Coconino County and Williams are both members of NACOG. Chair Babbott pointed out that many of these agencies probably have underused resources. Their assets could be used. Discounts should be negotiated with the taxi companies. Mr. Kelly, from NACOG, stated they have one and a half staff working on mobility management in their office. Maps were shown on screen of NACOG, Coconino County, City of Flagstaff and NAIPTA boundaries and where the 70 users of the Taxi Voucher Program reside. Vice Chair Overton noted that the City of Flagstaff has been in a position of shoring up the program, but it is not sustainable. The City and County have a budget and when the approved funds are gone, that's it. Mr. Meilbeck stated the program started so small and that has changed significantly. We need direction on how to get through FY2017 and then address FY2018 due to the increasing demand. In looking at the funding stream, circumstances have changed. Board members wondered if the City of Williams is aware of this situation. Ms. Morley reported NAIPTA invited the City of Williams to this meeting and received no response. Chair Babbott requested staff to



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involve the City of Williams immediately. Mr. Meilbeck asked if it is really NAIPTA's responsibility. The Board consensus was that since we have been providing this service, there is inherent responsibility to this important constituency, but the City of Williams needs to help fund it. The City of Williams should be involved with the impending decision. Director Keene suggested NACOG should have a role and funds to oversee a plan. Director Putzova said the trend is clearly unsustainable and this program may be the wrong tool to solve the problem as it relates to limited healthcare providers in the Williams area. Mr. Meilbeck stated this is a funding, service and community relations issue. During the recession, NAIPTA wanted to help with mobility efforts in some way. There were some funds from the County and some grant funds available, then came the unpredictable growth. NAIPTA has been successful when the intentions are clear. Chair Babbott reiterated the IGA has not changed and cost recovery will need to be managed. Mr. Kelly stated NACOG would be willing to encourage the Williams discussion. The Area Agency on Aging contributes to Coconino County Community Services. Data on function and purpose should be requested. We still need to figure out where FMC fits in.

Kendra Edens, Coconino County Resident, communicated she is the owner of Williams Taxi and she has been providing this service for approximately 4 years. Most of her clients are on super fixed incomes. The average cost of a taxi ride from Williams to Flagstaff is \$90. They have been accepting the \$30 value of the voucher and not charging their clients the difference. She agreed, medical appointments seem to be the primary reason for her client's trips, then shopping. Shopping options are very limited in Williams. She would like to know who the Americans with Disabilities Act (ADA) provider is in the area. FMC has a region they provide transport within and she was told Williams is not in it. At one time, only 6 vouchers were offered, which is limited, but better than none. There are some people that do not use their vouchers. Her company can't meet the Arizona Health Care Cost Containment System (AHCCCS) requirements. She was asked if she had a sense of what other companies are doing and described some potential problems. She thought a flat rate versus metered may be helpful.

Dolores Paredes, Flagstaff Resident representing Coconino County Community Services stated they offer a medical shuttle once a week on Wednesdays between Williams and Flagstaff. It is not full every week. NAIPTA will be at the Williams Senior Center on March 3rd. She will see about getting someone from the City of Williams there. There is a \$5 suggested donation for the ride. The vehicle has a lift. They can usually include some shopping on the trip.

Chair Babbott stated the Board of Supervisors may be able to add this item to their agenda on March 7th. Ms. Morley stated this was a very good discussion. Her plan is to come back to the Board with recommendations in March or April. The public comment period ends in April. Mr. Meilbeck recommended coming back in March with ideas for discussion and then plan to take action in April. NAIPTA plans to apply for 5310 funds, but it is not clear when the application will be available due to the Arizona



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Department of Transportation (ADOT) being short-handed. The discussion concluded at approximately 11:27am.

7. ANNUAL STRATEGIC WORKPLAN - CONDENSED

-Jeff Meilbeck, CEO and General Manager

Staff recommends the Board of Directors adopt a condensed version of the annual Strategic Workplan.

Mr. Meilbeck explained the changes he made in the condensed version of the Strategic Workplan. A couple of the items got rolled together. Each item is consistent with the intent. Regarding bullet #7, Director Putzova asked about the developer "buy in". Mr. Meilbeck replied staff has been asked to figure that out. It is a planning effort. The City would need to take action as well. Ms. Mazza gave an example. Two developments are being built on Forest Meadows along Route 10. There are crush loads and we are using an articulated bus to address service. We need to address bus route frequency, etc. in that area. Chair Babbott stated it would be best if this document fit on one page. Vice Chair Overton moved to approve the condensed version of the Strategic Workplan. Director Keene seconded. All approved, none opposed. Motion carried.

8. CHIEF EXECUTIVE OFFICER (CEO) EVALUATION PROCEDURE

-Veronica Hipolito, NAIPTA Board Secretary

Recommend the Board of Directors adopt a CEO evaluation procedure.

Mr. Meilbeck communicated Secretary Hipolito was not available for this meeting, but she has been working hard on this item. He suggested this item be tabled until she can be in attendance. Director Putzova moved to table this item to a future date. Vice Chair Overton seconded. All approved, none opposed. Motion carried.

PROGRESS REPORTS:

16. 5-YEAR PLAN UPDATE

-Erika Mazza, Deputy General Manager

Ms. Mazza stated the Core Design planning process was held for technicians who understand transportation in northern Arizona. Then on each day of the planning event there were briefings for others in the community to attend. Confidential draft maps were received yesterday and they will be brought to the Board at a future meeting.

17. SUMMARY OF CURRENT EVENTS

-Jeff Meilbeck, CEO and General Manager

- Snow Event

Mr. Meilbeck thanked the City of Flagstaff Streets Department for their efforts during the recent snow event. On Monday, Mountain Line had 7,000 riders versus 10,000, but we still moved a lot of people and ran 80 percent on-time.



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- Mr. Meilbeck reported NAIPTA won American Public Transportation Association (APTA) marketing awards for our Proposition 411 Ad Campaign and our K-12 Student Pass Program. Ms. Lenners will accept the awards at a conference in Tampa, Florida.

ITEMS FROM COMMITTEE AND STAFF:

Director Keene thanked NAIPTA for offering service during the recent snow storm. NAU did not close.

Chair Babbott mentioned the FMPO Retreat coming up on Friday, February 17th and thanked Mr. Meilbeck for taking a leadership role. He stated he has been consumed with the 180 corridor. All the easy options have been tried and now we're at the painful options, trying to determine who pays. We are getting some traction at the State level. There will be a public forum, Grappling with Gridlock on March 30th, 6-8pm at the Museum of Northern Arizona. It will be a ticketed event and likely to be a full room. He relayed a legislative report noting transit funding and gas tax discussions having more traction than ever.

18. SCHEDULE NEXT MEETING DATE AND IDENTIFY AGENDA ITEMS

The next Board meeting will be on Wednesday, March 15, 2016 and it will be a WebEx meeting based in Flagstaff in the NAIPTA VERA Conference room, 3773 N. Kaspar Dr., Flagstaff, AZ 86004 at 10am. The public is invited to attend. March agenda items will include but not be limited to the Financial Audit, Budget Message, 5310 Grant Application, Taxi Voucher Program Changes, Employee Satisfaction Survey and an Executive Session for the CEO Evaluation. The March agenda will be available for review on NAIPTA's website and at NAIPTA's public posting places (listed on the NAIPTA website) at least 24 hours prior to the meeting, and should be consulted for a list of items that will come before the Board.

19. ADJOURNMENT -Chair Babbott adjourned the meeting at 11:45pm.

Art Babbott, Chair NAIPTA Board of Directors

ATTEST:

Rhonda Cashman, Clerk of the Board



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DATE PREPARED: March 6, 2017

MEETING DATE: March 15, 2017

TO: Honorable Chairman and Members of the Board

FROM: Lauree Battice, Business Manager

SUBJECT: Approve the FY2016 Financial Audit Report

RECOMMENDATION:

Staff recommends the Board of Directors approve the FY2016 Financial Audit Report as completed by Fester and Chapman P.C. and approve corrective action plan to address a deficiency.

BACKGROUND:

In accordance with A.R.S. 28-9101 et seq. to establish an intergovernmental public transportation authority and the Master IGA signed by Coconino County and Yavapai County, registered with Secretary of State on June 6, 2006, the Board will cause an annual audit within 120 days of the end of each fiscal year and formally approve the report before submitting a certified copy with the auditor general's office.

In Spring 2013, NAIPTA completed a procurement process that identified Fester and Chapman P.C. as best value contractor to perform financial audit services and staff awarded the contract in April 2013. The performance of the FY2016 Financial Audit is the 4th year of the awarded 5-year agreement.

The FY2016 audit began in September with initial off-site document testing, followed by an on-site visit in November. The audit covered many areas of review to test the conformity of NAIPTA's prepared financial statements with U.S. generally accepted accounting principles (GAAP). During the on-site visit and through electronic document collection and review, staff from the auditing firm reviewed various topics of the financial statements, including but not limited to examination of grant expenditures, fixed asset recording, purchase policy compliance, and internal controls.

During the normal course of work completed during the audit, NAIPTA staff was available and responsible for timely submission of documents and information.

The issued Report to the Board of Directors, as attached, identifies the various aspects of work completed during the audit as well as any identified deficiencies.

Specifically:

1. No transactions were entered into during the year without appropriate authorization.
2. All significant transactions have been recognized in the financial statements in the proper period.
3. Reasonable estimates were developed by staff for amounts due to other governments and depreciation of assets.

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4. No difficulties were experienced in dealing with management.
5. There were identified misstatements that were determined to be immaterial to the financial statements. Correcting entries for some transactions were prepared by Fester and Chapman P.C. and posted by staff prior to completion of audit.
6. There were no disagreements with management.
7. NAIPTA did not consult another firm for a 2nd opinion on any matters.
8. There is one significant finding in internal controls, reported on the Schedule of Findings and Questioned Costs.

The one finding is as follows:

1. Internal Control of Payroll

Of 40 payroll distributions tested, including personnel action forms, 1 error was identified on an employee's overtime calculation. The finding of an error in internal control of payroll is a repeat of FY2015 Report that identified missing approval of two personnel action forms documenting a change to employee.

As a result of these findings, NAIPTA has developed a corrective action plan as follows:

1. NAIPTA has updated our payroll processing procedure to ensure that no time is lost in the transition of data from Time & Labor to Payroll. The Accounting Technician II will run a report in Time & Labor showing all time by category approved for processing, transfer data from Time & Labor to Payroll, and then use the Time & Labor report to verify all data transferred into Payroll correctly. The verified report will be provided to the Business Manager as part of the completed payroll packet for final approval.

Staff have already implemented the corrective action plan steps.

TAC RECOMMENDATION:

The FY2016 Financial Audit report was received after the Transit Advisory Committee meeting on March 2, 2017. Staff will present an update at the April meeting.

ALTERNATIVES:

- 1) Approve the FY2016 Financial Audit report and corrective action plan (**recommended**): Approval of the report and action plan is consistent with the Master IGA and allows staff to continue implementing changes needed for good internal controls.
- 2) Do not approve the FY2016 Financial Audit report (**not recommended**): If the report is not approved, staff would need to engage in a second or an independent audit of the work completed by Fester and Chapman P.C.

FISCAL IMPACT:

Approval of the FY2016 Financial Audit has no fiscal impact. The corrective action plan does not increase cost as all personnel required to complete the necessary steps already exist within the organization.

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SUBMITTED BY:

APPROVED BY:

Heather Dalmolin
Administrative Director

Jeff Meilbeck
CEO & General Manager

ATTACHMENTS:

- | | |
|--|-----------------------|
| 1. FY2016 Report to the Board of Directors | -pages 13-16 |
| 2. FY2016 Financial Statements | -separate from packet |
| 3. FY2016 Finding and Corrective Action | -pages 17-18 |



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**Northern Arizona Intergovernmental Public
Transportation Authority**

Report to the Board of Directors

June 30, 2016



Certified
Public
Accountants

9019 East Bahia Drive
Suite 100
Scottsdale, AZ 85260

Tel: (602) 264-3077
Fax: (602) 265-6241

March 3, 2017

The Board of Directors of
Northern Arizona Intergovernmental Public Transportation Authority
Flagstaff, Arizona

We have audited the financial statements of the business-type activities of Northern Arizona Intergovernmental Public Transportation Authority (the Authority) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 20, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

The net pension liability for ASRS was calculated using actuarial valuations as disclosed in Note 6.

Management's estimate of the amounts due to other governments is based on estimated future operating expenses for transit services the Authority provides to partnering governments.

Report to the Board of Directors
Page Two

The amount of depreciation recorded by management is based on management's estimates and Federal Transit Authority guidelines regarding the useful lives of the capital assets being depreciated.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Authority's pension plan in Note 6 to the financial statements is based on actuarial valuations involving estimates of the funded status of ASRS.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 3, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Report to the Board of Directors
Page Three

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We have reported a significant deficiency in internal controls in the schedule of findings and questioned costs issued with the Authority's basic financial statements. This report summarizes our audit findings and related recommendations.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting standards generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Fester & Chapman P.C.



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CORRECTIVE ACTION PLAN

Year Ended June 30, 2016

Northern Arizona Intergovernmental Public Transportation Authority respectfully submits the following Corrective Action Plan for the year ended June 30, 2016.

Name and address of the independent public accounting firm:

Fester & Chapman P.C.
9019 East Bahia Drive, Suite 100
Scottsdale, AZ 85260

Audit Period: July 1, 2015 to June 30, 2016

The findings from the June 30, 2016 schedule of findings and questioned costs are discussed below.

Financial Statement Findings

2016-001 – Significant Deficiency in Internal Control over Payroll

Recommendation: We recommend that management review wage calculations to help ensure their accuracy.

Action Taken: NAIPTA has updated our payroll processing procedure to ensure that no time is lost in the transition of data from Time & Labor to Payroll. The Accounting Technician II will run a report in Time & Labor showing all time by category approved for processing, transfer data from Time & Labor to Payroll, and then use the Time & Labor report to verify all data transferred into Payroll correctly. The verified report will be provided to the Business Manager as part of the completed payroll packet for final approval.

Anticipated Completion Date: June 30, 2017

Major Federal Programs' Audit Findings

Federal Program:

Federal Transit Cluster: CFDA Nos. 20.500, and 20.507
U.S. Department of Transportation

2016-101 – Significant Deficiency in Internal Control over Payroll

See Finding 2016-001.

Respectfully submitted,

Heather Dalmolin, Administrative Director
Northern Arizona Intergovernmental Public Transportation Authority



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2016

Status of Financial Statement Findings

Finding No.: 2015-001 Accrued Payroll and Related Liabilities

Status: Corrected.

Status of Federal Award Findings and Questioned Costs

Federal Program: Federal Transit Cluster: CFDA Nos. 20.500, 20.507, and 20.526
U.S. Department of Transportation

Finding No.: 2015-002 Internal Control over Payroll

Status: Partially corrected.



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DATE PREPARED: March 3, 2017

MEETING DATE: March 15, 2017

TO: Honorable Chairman and Members of the Board

FROM: Jeff Meilbeck, CEO and General Manager

SUBJECT: FY2018 Budget Message

RECOMMENDATION:

None. For discussion only.

RELATED STRATEGIC WORKPLAN OBJECTIVE:

The FY2018 Budget is related to all NAIPTA's Strategic Work Plan Objectives, is consistent with our Guiding Principles, and moves us closer to our 10-year Horizon, Mission and Vision. The Strategic Work Plan is attached as reference.

BACKGROUND:

The Annual Budget Message is a key part NAIPTA's annual budget process. The budget message as represented by this staff report lays out major themes, issues and projects for the Board and TAC to consider as part of budget development. We will also have a budget presentation in April 2017 and will request budget adoption in June 2017.

NAIPTA adopts a budget each year as a way to align financial resources with organizational objectives. The FY 2018 budget builds on prior successes:

- The transit tax was renewed through 2030
- Operating costs per bus hour were reduced by 11% since FY 2014
- Mountain Express service was launched in FY 2016 and service doubled in FY 2017
- Mountain Line service hours increased by 9% since 2016
- New technology was installed
- Rider satisfaction reached new highs
- 12 vanpools were launched
- Bus rapid transit plan was completed
- \$6.1 million in competitive grants were secured last year.

The FY 2018 Budget allocates resources to deliver NAIPTA's current work plan. The work plan is focused on maintaining excellent service, while preparing for a more robust transit future. For example, service hours are not increased further, but NAIPTA will be heavily involved in long term planning, partnership development, and funding initiatives. We will be planning for the future while maintaining our current commitments.



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Operating Budget

The FY2018 operating budget maintains the 9% increase in bus service hours that were launched in FY 2017. 5,500 bus hours were added over the course of the year. As a point of comparison, when we launched Mountain Line in 2001 we provided only 14,000 bus hours per year. The FY2017 service increase was phased and will be fully realized over the course of FY 2018 with Mountain Line providing 75,162 bus hours. As expected, our overall operating budget will increase by 7%. Much of this increase reflects a full year of expanded service, and other increases are due to rising health care costs, insurance, and the ongoing Pay Plan. Specifically, the budget is projected to increase from \$7.6 million to approximately \$8.1 million. This number will be finalized as each member agency adopts their budget.

- Health insurance costs are increasing by 13% or approximately \$95,000
- The delivery of 5 new articulated buses will increase insurance costs by \$21,000
- This budget recommends a 1% Cost of Living Adjustment for all positions effective July 1, 2017
- This budget continues the merit based pay plan and provides high performing employees the opportunity to earn a 3% merit increase on their anniversary date.

NAIPTA's overall operating budget will likely include changes to the County Taxi Voucher Program. A federal grant was only partially funded in FY 2017, while demand for the program continued to climb. NAIPTA is working to honor the FY 2017 funding commitment, but service demand is projected to exceed NAIPTA's FY 2017 budget. As of this writing NAIPTA is considering ways to deal with the FY 2017 funding requests. Additionally, the FY 2017 funding issues have been the catalyst for NAIPTA taking a closer look at our role in providing service outside our boundary.

Capital Budget

The FY2018 Capital Budget provides the fleet and facilities we need to provide the service citizens demand. NAIPTA has purchased 27 buses in the past 9 years including a 60-foot articulated bus. We will be taking delivery of up to 5 more 60 - foot articulated buses at the beginning of FY2018. We also purchased 7 new paratransit vans during this time and we maintain a small fleet of support vehicles. Storing and maintaining both revenue and non-revenue vehicles requires adequate work space to maintain these vehicles, as well as providing work-space for the employees who bring the service to life. Highlights of the capital budget include:

- \$547,000 for a minor facility remodel (80% grant was awarded)
- \$4.9 million for additional buses and vans (80% grant was awarded)
- \$2.0 million for environmental work and engineering (80% grant was awarded)
- \$5.1 million for route planning and construction (pending grant award)
- \$2.0 million for bus storage expansion (pending grant award)

It must be noted that the results of NAIPTA's ongoing FY 2017 planning efforts will inform the FY 2018 capital budget. The NAIPTA Board was clear that Bus Rapid Transit (BRT) needs to be carefully evaluated for efficiency and effectiveness. We will be looking for the best value in our FY 2017 planning efforts which will affect our FY 2018 capital decisions. For now, our best estimates have been budgeted so that we have capacity to move forward should the need arise.



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People

NAIPTA is a service organization. The finest buildings, bus stops and buses in the world are useless without customer oriented, well-trained team members. The FY2018 budget recognizes that team members need a good work environment, quality supervision, and reasonable pay for NAIPTA to stay competitive and continue to attract and retain the best employees. As such, it is recommended that the Pay Plan be continued in FY2018, for one additional year, which will provide up to a 3% raise on the anniversary date of employees who are meeting the standards of their position. The pay is performance based and employees who need improvement may receive less than 3%. Furthermore, and in recognition of inflation, it is recommended that all employees receive a 1% Cost of Living Adjustment (COLA) on July 1, 2017. The total cost of implementing the Pay Plan and COLA in FY 2018 is projected to be \$154,367.

CONSIDERATIONS:

Over \$1 Million dollars in reoccurring operational increment requests were submitted and less than half were funded. Many of the requests were for additional non-operator staff to support NAIPTA's increased service levels over the past two years. We are running more buses, maintaining more buses, serving more people, planning a brighter future and using more technology than ever before. Staff have performed commendably in that customer satisfaction has increased and costs have been tightly managed. Nevertheless, all systems have limits.

In order to expand our limits, the leadership team has embraced an efficiency and effectiveness program that is expected to come into full bloom in FY 2018. Over a dozen employees participated in extensive training and we are integrating a more sophisticated project management discipline into nearly all of our management activities including planning, construction, operations, marketing and administration. The budget implications are invisible in that the budget does not include additional non-operator staff. Rather, we will be fine-tuning our management culture so that we can deliver our forward thinking work plan with existing staff. That said, I predict that further service and capital expansions, beyond FY 2018, will require additional staff to do the work.

TAC DISCUSSION:

There were no comments from the TAC.

FISCAL IMPACT:

The FY2018 proposed budget increases by \$500,000 or approximately 7% and reflects discussions with staff of NAIPTA's member agencies. The budget is sustainable with current projections indicating a \$1.9 million fund balance through 2028.

SUBMITTED BY:

Jeff Meilbeck
CEO and General Manager



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ATTACHMENTS:

1. Strategic Work plan January 2017-June 2018 -pages 19-20
2. Fund Balance Projection Budget 2018 -page 21



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Strategic Work Plan January 2017 to June 2018

MISSION

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VISION

To create the finest public transportation experience making NAIPTA services an excellent choice for Northern Arizona Communities.

GUIDING PRINCIPLES

- Treat everyone with respect
- Show initiative, imagination and creativity
- Collaborate to enhance service delivery
- Strive for continuous improvement in all we do
- View risks as opportunities
- Put the customer first
- Be environmental stewards
- Be trustworthy and dependable
- Be fiscally responsible and responsive to changing demographics

5 YEAR HORIZON

- Plan with attention to “green” opportunities and long-term sustainability.
- Apply imagination, creativity and innovation to improve the service we deliver.
- Evaluate the effectiveness of our brand, name and image in creating stronger ties with the public.
- Build cooperative relationships regionally to expand and enhance NAIPTA’s positive impact.
- Establish financial policies and seek revenue sources to maintain fiscal strength.
- Follow through on promises we have made.

10 YEAR HORIZON

- NAIPTA will be a seamless, inclusive regional system that is fully supported by member communities.
- NAIPTA will be known for finishing what we start in a responsible, professional and timely manner.
- People will know NAIPTA... people will use NAIPTA. Marketing has succeeded.
- NAIPTA will be known for living the guiding principles.



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Strategic Work Plan January 2017 to June 2018

WORKPLAN MISSION

Continue to provide excellent fixed route transit service as measured by customer satisfaction, employee satisfaction, ridership results, financial performance, and safety record throughout the 18-month period.

MEASUREABLE OBJECTIVES

- Do a comprehensive update of Flagstaff's 5-year transit plan by December 2017:
 - Zero based approach to service design
 - Robust public engagement and statistically valid quantitative, feedback.
 - Focus on results and evaluate tools using performance based analysis.
 - Question all assumptions related to Bus Rapid Transit (BRT).
 - Compare at least 2 two service models, i.e. BRT and improved service delivery.
- Explore regional services and partnerships, including completion of the Winslow Transit Plan, by June 2018.
- Clarify NAIPTA's intentions for transit service outside the City of Flagstaff by developing a policy for how we will evaluate and prioritize regional service requests by December 2018.
- Defer to City leadership on City's pending 2018 Transportation Tax renewal
 - Educate City officials and public about transit's value.
 - Get NAIPTA Board approval before committing NAIPTA involvement.
 - Consider additional transit sales tax initiative by December 2017.
- Provide recommendation to Board on ways to close "First mile, last mile" gap by June 2018.
- Explore partnership opportunities with NAU on 5 Year Plan, fleet and operations while respecting the needs of each organization by June 2018.
- Establish a formal process for developer "buy in" to transit system improvements required or proposed to serve new developments.
- Establish a NAIPTA leadership succession plan by June 30, 2018.
- Update marketing plan and evaluate new ways to attract student and non-student riders by March 2018.



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City of Flagstaff - Transit Tax Fund Balance

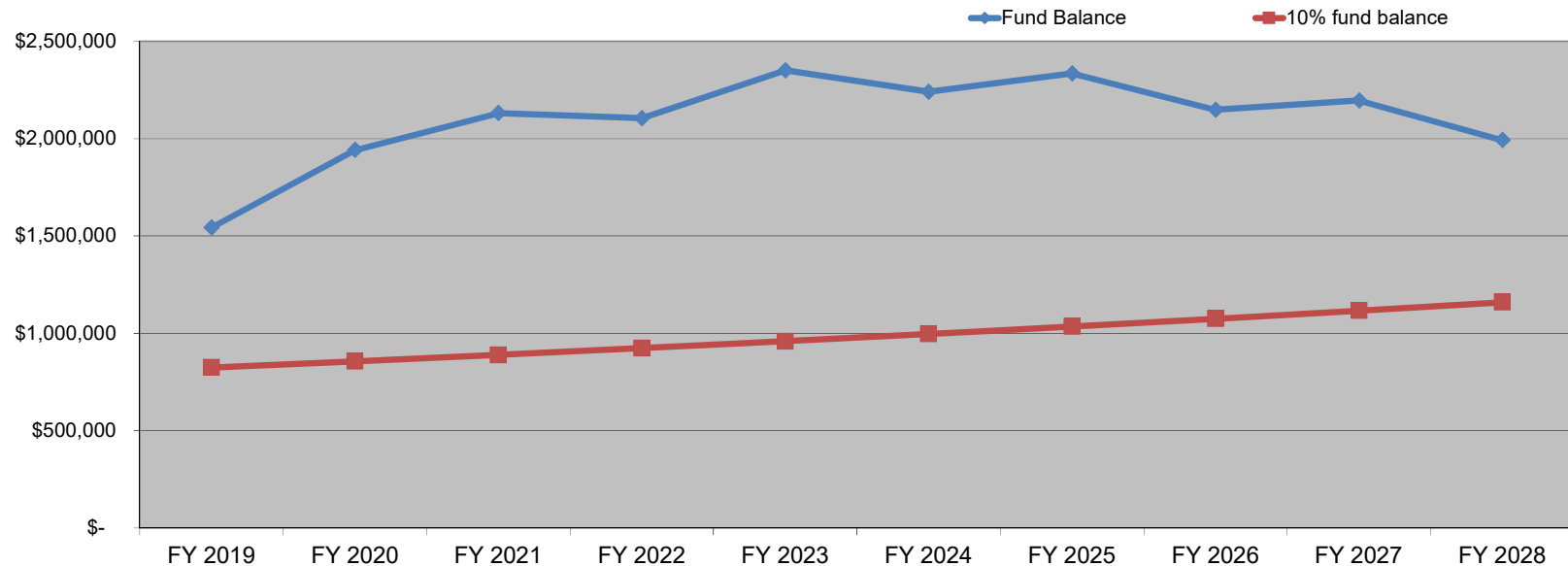
Projection based on City of Flagstaff Transit Tax as of December 31, 2016

Assumptions:

City of Flagstaff Tax remains flat thru 2030
Federal funding FY2016 thru FY2019 maintained at FY2016 appropriation for 5307 and Small Transit Intensive Cities (STIC)
Federal funding FY2020 and beyond maintained at FY2016 appropriation (5307) and reflect increase in Small Transit Intensive Cities (STIC) of 30%
Federal funding for capital projects is projected to be 80% of vehicle replacement needs, in year of replacement
Vehicles are projected to be replaced at 15 years instead of 12 years
Pay Plan funded thru FY2030
Operating Cost: FY16 actual, FY17 projected, FY2018 proposed budget, and future increase by 2% annually
Operating at FY2017 Service Implementation thru 2030
Cash Reserves are set aside annually to offset future year cost increases (FY2018 thru FY2022)
Mini Recession is planned to affect years FY2024 and FY2025, reduction of 2.5% followed by year of only .5% growth

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Fund Balance	\$ 3,455,448	\$ 3,082,741	\$ 1,506,095	\$ 1,542,527	\$ 1,941,158	\$ 2,131,150	\$ 2,104,636	\$ 2,350,799	\$ 2,240,183	\$ 2,334,521	\$ 2,147,421	\$ 2,196,015	\$ 1,992,138
ops cost	\$ 7,101,696	\$ 7,252,870	\$ 7,937,425	\$ 8,243,978	\$ 8,562,386	\$ 8,893,111	\$ 9,236,631	\$ 9,593,443	\$ 9,964,063	\$ 10,349,029	\$ 10,748,897	\$ 11,164,248	\$ 11,595,683
10% fund balance	\$ 710,170	\$ 725,287	\$ 793,743	\$ 824,398	\$ 856,239	\$ 889,311	\$ 923,663	\$ 959,344	\$ 996,406	\$ 1,034,903	\$ 1,074,890	\$ 1,116,425	\$ 1,159,568

**City of Flagstaff Fund Balance
Baseline Scenario**





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DATE PREPARED: March 8, 2017

MEETING DATE: March 15, 2017

TO: Honorable Chairman and Members of the Board

FROM: Jeff Meilbeck, CEO and General Manager

SUBJECT: Service Boundary Policy Discussion

RECOMMENDATION:

Staff recommends the Board of Directors hold a policy discussion about the provision of service outside the NAIPTA boundary.

STRATEGIC WORKPLAN MEASUREABLE OBJECTIVE

- ❖ Clarify NAIPTA's intentions for transit service outside the City of Flagstaff by developing a policy for how we will evaluate and prioritize regional service requests by December 2018.

BACKGROUND:

Unsustainability in the County Taxi Voucher Program has illuminated the need for a clear policy on NAIPTA service provisions outside our existing boundary.

TAC DISCUSSION:

The TAC was supportive of being clear on a business model and sustainable funding strategy before agreeing to provide service outside the NAIPTA boundary.

FISCAL IMPACT:

SUBMITTED BY:

Jeff Meilbeck
CEO and General Manager

ATTACHMENTS:

None.



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DATE PREPARED March 8, 2017

MEETING DATE: March 15, 2017

TO: Honorable Chairman and Members of the Board

FROM: Kate Morley, Mobility Planner

SUBJECT: FY 2017 County Taxi Voucher Program Recommendations

RECOMMENDATION:

Staff recommends the Board of Directors consider changes to the FY2017 County Taxi Voucher Program for action in April.

RELATED STRATEGIC WORKPLAN OBJECTIVE:

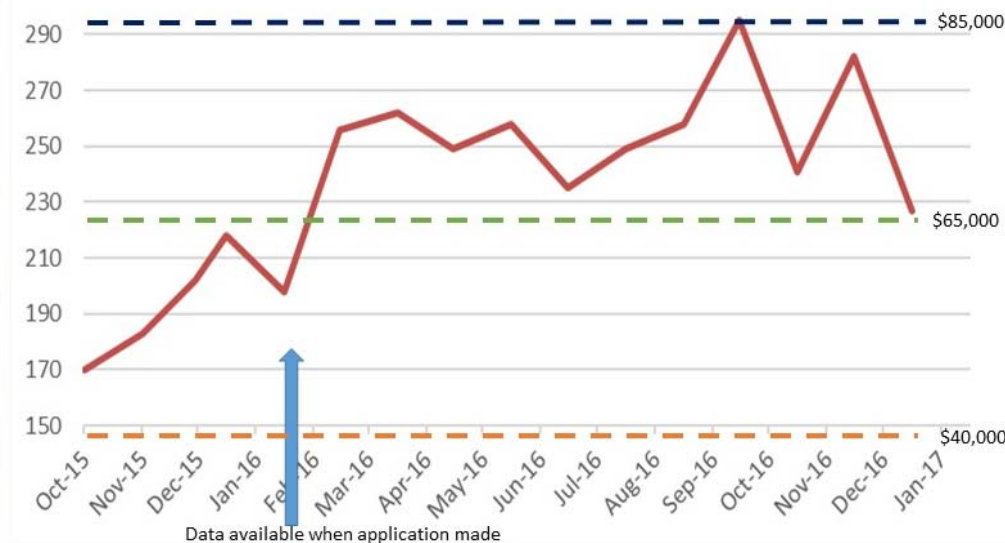
Guiding Principles:

- ❖ Strive for continuous improvement in all we do
- ❖ Be fiscally responsible and responsive to changing demographics

BACKGROUND:

As presented at the November 16, 2016 NAIPTA Board meeting, demand for the County Taxi Voucher Program has been increasing at a rate which exceeds available funding in the program. Review of ridership through January 2017 indicates that NAIPTA will not be able to sustain 12 trips per month per person as planned.

Coconino County



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Staff brought forward a work session discussion with the NAIPTA Board in February to discuss the make-up and funding of the County Taxi Voucher program. Staff offered an overview of mobility options that may be better solutions than the existing program. The Board asked staff to return in March with recommendations for fiscally managing the County Taxi Voucher Program for the remainder of FY2017 and to bring back a separate discussion on NAIPTA services outside of the NAIPTA boundary.

Funding:

The County Taxi Voucher program is funded through Section 5310 with a \$20,000 local match from Coconino County and \$20,000 from ADOT. The NAIPTA Board approved reallocation of an additional \$25,000 from City of Flagstaff revenues to support the program to cover the voucher costs of \$65,000. In November, NAIPTA expected to be able to maintain the program at the current service levels with this funding. However, new data shows unexpected growth in eligible recipients and voucher use. NAIPTA now projects that current levels of service cannot be maintained through the end of the fiscal year.

Shared Mobility Policy:

In addition to the above funding shortfall, on December 8th the FTA released new guidelines on shared mobility which include that it is not acceptable to provide a service to ambulatory customers if it is not available to non-ambulatory ones. In Flagstaff, one taxi company with an ADA vehicle and Mountain Lift both meet this requirement. However, Williams Taxi does not offer a wheelchair accessible vehicle and therefore the program in Williams does not meet the intent of these policy guidelines.

Action for Consideration:

1. **Cut service outside of the NAIPTA boundary in May in order to extend the reach of the program within the NAIPTA service area through the end of the fiscal year.**

This alternative will allow programmatic focus within the NAIPTA boundary and the budgeted funds may last longer.

2. **Continue until funds runs out.**

This option leaves all users without any level of service once funds are fully expended.

3. **Cut the number of trips per person to six trips per month in May.**

This option allows all users to continue to receive some level of service for FY2017.

4. **Find additional funding to maintain existing level of service.**

The funds budgeted for FY2017 will not be sufficient to meet the existing demands of the program for the full fiscal year. If the Board recommends that the program remain as is, additional funds will need to be identified.

ALTERNATIVES:

1. Consider changes to the FY2017 County Taxi Voucher Program for NAIPTA Board adoption in April **(Recommended)**. This will allow staff to bring back an item for adoption in alignment with the Board's recommendation after the close of the public comment period.
2. Do not consider changes to the FY2017 County Taxi Voucher Program **(Not Recommended)**. Under this alternative, the County Taxi Voucher Program will likely run out of money before the end of the fiscal year without strategic action for managing the budget.



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TAC DISCUSSION:

The TAC recognized that a difficult decision will need to be made for FY2017 and emphasized that the program should be restructured for FY2018 forward to be sustainable.

COUNTY BOARD OF SUPERVISORS INPUT:

Staff presented to the Coconino County Board of Supervisors on March 7th to gather additional feedback. The Board indicated the solution shall fit within the adopted program budget and that they did not want anyone to lose all of their vouchers this fiscal year. The Board of Supervisors suggested a hybrid approach that reduces the number of trips available while setting different caps on the number of trips by geographic area.

FISCAL IMPACT:

NAIPTA budgeted \$96,000 for the County Taxi Voucher program in FY2017. NAIPTA is honoring this budget but the program is projected to need more funds than what is budgeted. If the program is to exceed budget, additional funds will need to be identified.

SUBMITTED BY:

Kate Morley
Mobility Planner

APPROVED BY:

Jeff Meilbeck
CEO and General Manager

ATTACHMENTS:

None.



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DATE PREPARED: March 6, 2017

DATE: March 15, 2017

TO: Honorable Chairman and Members of the Board

FROM: Erika Mazza, Deputy General Manager

SUBJECT: NAIPTA's 2017 5-Year Transit Plan Update and Choices Report

RECOMMENDATION:

The Board may take action, but no recommendation is being made.

RELATED STRATEGIC WORKPLAN OBJECTIVE

Guiding Principles:

- ❖ Strive for Continuous improvement in all we do
- ❖ Collaborate to enhance service delivery

Related 5 Year Horizon:

- ❖ Build cooperative relationships regionally to expand and enhance NAIPTA's positive impact.

BACKGROUND:

On October 31, 2016, Staff contracted with Jarrett Walker + Associates (JWA) to administer and produce NAIPTA's 2017 5-Year Transit Plan. An award of the contract to JWA was made through an open and competitive RFP process.

A kickoff meeting with the Project Management team from NAIPTA and JWA occurred on December 6, 2016. At this meeting, JWA staff received a tour of NAIPTA's routes, met with Staff, conducted preliminary data gathering, and finalized the scope, approach, and schedule.

On January 30 and 31, 2017 JWA staff returned to Flagstaff to hold a Core Design Advance with Transportation Planners, Engineers, and Transit Administrators. During the one-and-a-half-day work shop, JWA and staff focused on the development of two transit network design ideas, with an FY2017 budget neutral approach. At the end of each day, JWA set up a 'Check-in', which was an hour-long meeting that allowed those who were interested to see the work in progress, receive a short briefing of the day's events, and offer comments. The goal of this Advance was to produce a set of alternative concepts that illustrate some of the choices that Flagstaff will need to make about transit.

Culminating from the Core Design Advance, JWA drafted a Choices Report document (Attached). The report contains information on existing conditions, performance and other related transit plans within the area. The alternative concepts for our transit network include 1) High Ridership Alternative and 2) High Coverage Alternative maps. The report and the maps synthesize the information from the Core Design Advance and it is the foundation of our first phase of public involvement.

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Public involvement will take place in three stages. First, JWA and NAIPTA will host a Community Stakeholder workshop. The workshop is tentatively set for Saturday, March 25, 2017 from 9:00am to 1:30pm at the Flagstaff Aquaplex. NAIPTA will be sending out invites to key stakeholders, interested parties, and riders of Mountain Line. This workshop will be a truncated version of the Core Design Advance with the attendees voting on trade-offs, alternatives, and choices. Post Community Stakeholder Workshop, JWA and staff will create and administer a public web survey. This survey will launch in tandem with a series of Get On the Bus – Open Houses.

Following the above timeline, Staff will conduct a policy guidance discussion with the NAIPTA Board in May or June. From this meeting, JWA will develop a draft Transit Network Plan prior to the second round of public engagement. After the policy discussion and the second public engagement process, JWA will develop a draft 5-Year Transit Plan for review.

The estimated date of completion of the 5-Year Transit Plan and ultimate Board adoption is September 2017.

TAC DISCUSSION:

TAC was supportive of the 5-year plan schedule, approach, and overall direction from the Key Choices Report.

FISCAL IMPACT:

The cost of NAIPTA's 5-Year Transit Plan is identified within the FY2017 adopted budget.

SUBMITTED BY:

Erika Mazza
Deputy General Manager

APPROVED BY:

Jeff Meilbeck
CEO and General Manager

ATTACHMENTS:

- 1) Existing Conditions and Key Choices Report -separate from packet



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DATE PREPARED: February 3, 2017
MEETING DATE: March 15, 2017
TO: Honorable Chairman and Members of the Board
FROM: Veronica Hipolito, NAIPTA Board Secretary
SUBJECT: CEO Evaluation Procedure

RECOMMENDATION:

Recommend the Board of Directors adopt a CEO evaluation procedure.

BACKGROUND:

A formalized process for evaluation of a CEO is a best practice for Board governed organizations. A CEO evaluation process provides consistency, clarity, documented feedback and specific direction from the governing board to the CEO. A process has been drafted and the Board is encouraged to discuss and adopt a CEO evaluation procedure.

A decision still needs to be made as to whether discussions about pay adjustments will be part of the review. Alternatives are provided that allow the Board to consider how and if discussions of pay will be included in the performance evaluation process.

TAC RECOMMENDATION:

The TAC recommended that compensation and performance be reviewed at the same time.

ALTERNATIVES:

- 1) Adopt a CEO evaluation process separate from pay adjustment discussions. This approach keeps focus on performance and separates performance from discussion of pay. This approach may simplify and compartmentalize the effort allowing the Board to deal with one issue at a time. However, this approach may increase the amount of Board time and meetings committed to the process.
- 2) Adopt a CEO Evaluation process and include pay adjustment discussions as part of process. This approach may streamline the process and make it faster, but it may also reduce the Board's focus on pay as separate from performance.
- 3) Do not adopt a CEO Evaluation process. This approach provides the Board with maximum flexibility at the expense of consistency and structure.

FISCAL IMPACT:

\$1,000 is budgeted for the Board Chair to hire outside help for the collection and compilation of data.

SUBMITTED BY:

Veronica Hipolito
CCC Representative and Board Secretary

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ATTACHMENTS:

- | | |
|---|--------------|
| 1) CEO Evaluation Procedure | -page 30 |
| 2) CEO Self - Evaluation Instrument | -page 31 |
| 3) CEO Evaluation Instrument to be completed by Board | -pages 32-33 |
| 4) CEO Goal Sheet | -pages 34-36 |



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STANDARD OPERATING PROCEDURE NAIPTA CEO and GENERAL MANAGER PERFORMANCE EVALUATION

Purpose:

For performance management to be effective the Board Chair and the CEO/GM must discuss job performance and goals on an informal, regular basis with formal meetings bi-annually and written evaluations completed each year at the May Board meeting.

Responsibility:

The Board Chair is responsible for distributing the performance evaluation tool to all Board members, compiling results and providing a summary report with recommendations to the full Board and the CEO/GM in a manner that meets the spirit of the process outlined below.

Process:

1. The Board Chair shall provide evaluation forms to the entire Board of Directors in March.
2. The Board Chair shall allow the CEO/GM to complete a self-evaluation using the same form that Board Members use to evaluate the CEO/GM.
3. The Board Chair will compile results and develop recommendations (Annual Evaluation) for distribution to the full Board prior to the May Board meeting. The Annual Evaluation will include recommendations on any salary adjustments, corrective actions or changes to employee status.
4. The Board will consider and take action on the CEO Evaluation and pay adjustment at their May Board meeting. (Modified and moved from 9 to address compensation and improve flow)
5. The Board Chair may meet with the CEO/GM before, during or after the Annual Evaluation is presented to the full Board as appropriate to their management style and the situation.
6. The Board Chair will meet with the CEO/GM following the May Board meeting to discuss progress, review job standards and establish specific, measurable, achievable, realistic, time-constrained (SMART) goals for the next review period consistent with the conclusions of the May Board meeting.
7. The Board of Directors will approve the annual (SMART) Goals in July or August.
8. Goals must be applicable to one rating period, i.e. 6 months or one year. If a goal changes during the period, the Board Chair must note the change as soon as possible, provide a copy to the CEO/GM, and inform the full Board.
9. This process may be used at any time throughout the year as deemed appropriate by the Board if all steps are followed in essentially the same sequence.



NAIPTA CEO/General Manager Self Evaluation Instrument

CEO Name: _____ Employee Name: _____

Due Date: _____ Return To: Dknight@naipta.az.gov

Evaluation Period:

Directions: Complete each section by describing the performance of the CEO/General Manager of NAIPTA. Provide examples and score each item. Scale: 1 = Poor 7=Outstanding

Summary of Performance:

I. Significant accomplishments of the CEO/General Manager of NAIPTA

II. Improvements where the CEO/General Manager of NAIPTA could be more effective

III. Significant accomplishments of NAIPTA as an organization

IV. Improvements where NAIPTA could improve as an organization

V. Overall Performance 1 2 3 4 5 6 7



NAIPTA CEO/General Manager

Evaluation instrument to be completed by Board members

CEO Name: _____ Employee Name: _____

Due Date: _____ Return to: Dknight@naipta.az.gov

Evaluation Period:

Rate the performance of the CEO/General Manager of NAIPTA. 1= Poor 7=Outstanding. Provide examples where possible. Rate "NA" if you are Not Aware.

I. Rate the CEO/General Manager as a leader of staff

1. Recognizes significant individual and team contributions to the Board and community	1 2 3 4 5 6 7 NA
Examples/Comments:	
2. Fosters a professional work environment and relationships as evidenced by staff performance	1 2 3 4 5 6 7 NA
Examples/Comments:	

II. Rate the CEO/General Manager as a visionary communicator:

1. Coordinates and aligns resources with NAIPTA's 18-month strategic plan	1 2 3 4 5 6 7 NA
Examples/Comments:	
2. Interfaces with NAIPTA Board, TAC, City of Flagstaff Officials, and constituents	1 2 3 4 5 6 7 NA
Examples/Comments:	
3. Provides updates about NAIPTA progress to Board, TAC, City Officials, staff, and constituents	1 2 3 4 5 6 7 NA
Examples/Comments:	
4. Provides accurate and detailed written reports regarding NAIPTA's partnerships with organizations within Northern Arizona to the Board, TAC and constituents	1 2 3 4 5 6 7 NA
Examples/Comments:	

III. Rate the CEO/General Manager as a manager of operations:

1. Effectively coordinates with local, regional, state and federal agencies	1 2 3 4 5 6 7 NA
Examples/Comments:	
2. Demonstrates sound, independent judgment in problem analysis, crisis intervention, and implementing solutions	1 2 3 4 5 6 7 NA
Examples/Comments:	
3. Effectively develops and manages NAIPTA budget	1 2 3 4 5 6 7 NA
Examples/Comments:	
4. Develops and implements changes to remain competitive in public transportation	1 2 3 4 5 6 7 NA
Examples/Comments:	

IV. Rate the CEO/General Manager as a public relations spokesperson and advocate:

1. Positively represents NAIPTA to constituents, transportation agencies, TAC, and Board	1 2 3 4 5 6 7 NA
Examples/Comments:	
2. Develops and maintains effective working relationships with elected officials, NAIPTA Board, TAC, staff, transportation agencies, media, and general public	1 2 3 4 5 6 7 NA
Examples/Comments:	

CEO/General Manager

Goals Sheet January 2017-June 2018

Measurable Objectives	Meeting Measurable Objectives during Evaluation Period
<p>1. Do a comprehensive update of Flagstaff's 5-year transit plan by December 2017:</p> <ul style="list-style-type: none"> a. Zero based approach to service design b. Robust public engagement and statistically valid quantitative, feedback. c. Focus on results and evaluate tools using performance based analysis. d. Question all assumptions related to Bus Rapid Transit (BRT). e. Compare at least 2 two service models, i.e. BRT and improved service delivery. 	
Comments:	1 2 3 4 5 NA
<p>2. Explore regional services and partnerships, including completion of the Winslow Transit Plan, by June 2018.</p>	
Comments:	1 2 3 4 5 NA
<p>3. Clarify NAIPTA's intentions for transit service outside the City of Flagstaff by developing a policy for how we will evaluate and prioritize regional service requests by December 2018.</p>	
Comments:	1 2 3 4 5 NA

<p>4. Defer to City leadership on City's pending 2018 Transportation Tax renewal</p> <ul style="list-style-type: none"> a. Educate City officials and public about transit's value. b. Get NAIPTA Board approval before committing NAIPTA involvement. c. Consider additional transit sales tax initiative by December 2017. 	
<p>Comments:</p>	<p>1 2 3 4 5 NA</p>
<p>5. Provide recommendation to Board on ways to close "First mile, last mile" gap by June 2018.</p>	
<p>Comments:</p>	
<p>6. Explore partnership opportunities with NAU on 5 Year Plan, fleet and operations while respecting the needs of each organization by June 2018.</p>	
<p>Comments:</p>	<p>1 2 3 4 5 NA</p>
<p>7. Establish a formal process for developer "buy in" to transit system improvements required or proposed to serve new developments.</p>	
<p>Comments:</p>	<p>1 2 3 4 5 NA</p>
<p>8. Establish a NAIPTA leadership succession plan by June 30, 2018.</p>	
<p>Comments:</p>	<p>1 2 3 4 5 NA</p>

9. Update marketing plan and evaluate new ways to attract student and non-student riders by March 2018.	
Comments:	1 2 3 4 5 NA

Rate the performance of the CEO/General Manager of NAIPTA.

Provide a rating in each goal category based on the following Scale:

1=Goal did not meet the Mission, Vision, and Guiding Principles.

2=Did not meet goal or budget for project.

3=Met the Goal within the Specified timeframe.

4=Met the Goal ahead of the Specified timeframe.

5=Met the Goal ahead of the Specified timeframe and Under budget.

NA= If you are "Not Aware."



NAIPTA MEMORANDUM

DATE: March 15, 2017

TO: Honorable Chairman and Members of the Board

FROM: Kate Morley, Mobility Planner

SUBJECT: Winslow Transit Plan

On April 20, 2016, the NAIPTA BOD approved the submittal of the Arizona Department of Transportation (ADOT) FY2016 Section 5311 grant application and execution of subsequent awards.

A kickoff meeting with staff in Winslow was held on January 19, 2017, and staff continues to meet monthly. At the kickoff meeting, a "Charter" was created to specifically define staff roles, for both NAIPTA and City of Winslow. A project timeline was developed and a draft outline of the final report was conceptualized.

NAIPTA Staff will make a short presentation to Winslow City Council on February 28, 2017 in Winslow Council Chambers at 7:00pm. This meeting will update Winslow Council on the progress on the study, provide an overview of next steps, and address any questions.

A core-team technical meeting is scheduled in Winslow for the afternoon of March 8, 2017, to gain input on key components of the study. An all resident household survey, using the Winslow utility bill mailing system, will be conducted later in March. This survey will solicit input on a variety of transportation issues including identification of prospective transportation origins and destinations within and outside of the immediate Winslow area.

Staff is also meeting with additional stakeholders, including Twin Arrows, NACOG, and ECoNA, to identify transportation needs along the Flagstaff to Winslow corridor. As the study evolves, a variety of mapping exercises and transportation options will be identified for input and review. Stakeholder and general public involvement is tentatively scheduled for April-June.

The estimated completion for the Winslow Transit Plan is September.



Getting you where you want to go



Working Agenda Annual Calendar

MONTH	C	D/A	PR	Item	Notes
July		X		5307 Grant Applications	
		X		Packet Policy (if needed)	
August					Recess
September			X	Employee Satisfaction Survey	
			X	Quarterly Performance Report	(for period ending in June)
October		X		NAIPTA Annual Report	
			X	Workforce Utilization Report	
November		X		Mountain Line Financial Projections	Discussion only - TAC the month after
				Quarterly Performance Report	(for period ending in Sept) Included in financials.
December					Strategic Policy Advance
January		X		Financial Audit	
		X		Next Year's Meeting Calendar	Review and Set Meeting Calendar for 18 months
February		X		Strategic Workplan	
			X	Quarterly Performance Report	(for period ending in Dec)
			X	Review Performance Measures	
March		X		5311 Grant Application	(or April) Public Hearing Required - TBD by ADOT - 2 year cycle - FY2018
		X		Budget Process	Discussion only
			X	Employee Satisfaction Survey	
April		X		GM Evaluation and Contract	Executive Session
		X		5310 Grant Application	
		X		DBE Program	Due to FTA in August/Every 3 Years/Next FY2017
		X		Budget Message	Discussion only
			X	Workforce Utilization Report	
May					Joint Board and TAC Meeting
		X		5339 Grant Application	(or June)
		X		Review Strategic Workplan	
			X	Quarterly Performance Report	(for period ending in March) - Included in Financials in Budget Presentation
		X		Mountain Line Financial Projections	Discussion only - included in Budget Presentation
		X		Budget Presentation	Discussion only / Includes Performance Report
June					Triennial Review - FY2017
					June only - D/A items before Consent items on agenda
		X		EEO Program	Due to FTA in August
		X		FTA Grants	
		X		Election of Officers/Review BOD and TAC Appointments	
		X		Budget Adoption	includes Employee Related Expenses (ERE)
		X		Calendar Review	
	X			Line of Credit	
	X			General Liability Insurance Renewals	
	X			Annual Contract Renewal: Fuel, etc.	
	X			Personnel Policy Manual Update	