

**LONG BEACH TRANSIT
BOARD OF DIRECTORS MEETING
AGENDA**



**THURSDAY, SEPTEMBER 26, 2024
4801 AIRPORT PLAZA DRIVE
ROSA PARKS BOARD CHAMBER
3:30 P.M.**

David Sutton, Chair
Abigail Mejia, Vice Chair
Raul Añorve, Secretary/Treasurer
Eduardo Angeles, Director
Carl Kemp, Director
Randy Rawlings, Director
Tunua Thrash-Ntuk, Director

Joshua Hickman, City Representative
Christopher Koontz, City Representative

Kenneth A. McDonald
President and Chief Executive Officer

LONG BEACH TRANSIT BOARD OF DIRECTORS IN-PERSON MEETING

**MEMBERS OF THE PUBLIC CAN ATTEND MONTHLY BOARD MEETINGS AT LONG BEACH
TRANSIT CORPORATE OFFICE ROSA PARK BOARD CHAMBER, BY RIDING ROUTES 102, 104,
111 AND 112.**

**THE CLOSEST BUS STOPS TO LBTCO ARE LOCATED:
LAKEWOOD BLVD. AND SPRING ST.
CLARK AVE. AND 29TH ST.
SPRING ST. AND AIRPORT PLAZA DR.**

**TO CONNECT TO ROUTES 102 AND 104, TAKE ROUTES 21, 22, 23, 61, 71, 91, 92, 93, 101, 111, 112,
172, 173, 181 AND 182.**

**TO CONNECT TO ROUTES 111 AND 112, TAKE ROUTES 21, 22, 23, 91, 121, 131, 151, 171, 173, 175
AND 192.**

**MEMBERS OF THE PUBLIC MAY LISTEN TO THE MEETING BY DIALING
(669) 444-9171 AND ENTERING THE FOLLOWING
MEETING ID: 892 4992 2679 (PASSWORD: 1963)**

**MEMBERS OF THE PUBLIC MAY ALSO JOIN THE VIDEO CONFERENCE VIA
THE FOLLOWING ZOOM MEETING LINK:**

<https://us06web.zoom.us/j/89249922679?pwd=C6H1K4aKWbnpU9QTVsN6ynNnxYqX0Y.1>

**PLEASE NOTE THE ZOOM MEETING MAY ENCOUNTER TECHNICAL DISRUPTIONS, BUT IN-
PERSON ACCESS AND PUBLIC COMMENT WILL CONTINUE TO BE AVAILABLE IN
ACCORDANCE WITH THE BROWN ACT**

**PERSONS WISHING TO ADDRESS THE BOARD MAY SUBMIT PUBLIC COMMENT VIA EMAIL OR
TELEPHONE. MEMBERS OF THE PUBLIC ALSO HAVE THE OPTION TO PROVIDE PUBLIC
COMMENT IN THE ZOOM MEETING BY USING THE RAISE HAND FUNCTION OR PRESSING *9 ON
YOUR PHONE**

Public comments on agenda items may be submitted by email to board@lbtransit.com or by telephone at 562.599.8599.

If calling, please leave a voicemail with your name (please state it clearly), your telephone number for a return call, and the item number on which you would like to comment (or specify "public comment").

If emailing, please include your name, your telephone number for a return call, and the item number on which you would like to comment (or specify "public comment").

More information on this process may be found at ridelbt.com/about-us

REGULAR MEETING – 3:30 P.M.

1. Call to Order. (David Sutton)
2. Roll Call. (Jen Flores)
3. Employee Recognition. (Elizabeth Brown)

Employees of the Month for August 2024:

Angel Carrillo, Transit Service Delivery and Planning
Julius Pressley, Maintenance and Infrastructure
Javier Espinoza, Administrative Staff

Employees of the Month for September 2024:

Robert Sosa, Transit Service Delivery and Planning
Maria Ramirez, Maintenance and Infrastructure
Ingris Lopez, Administrative Staff

INFORMATION ITEM

4. Public Comment.

Any member of the public may approach the lectern and, upon recognition by the Chair, state his or her name and proceed to address the Board on any item within the subject matter jurisdiction of the Long Beach Transit Board of Directors, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three minutes, unless different time limits are set by the Chair, subject to the approval of the Board.

5. President and CEO Report. (Kenneth McDonald)

INFORMATION ITEM

NOTICE TO THE PUBLIC

All matters included on the Consent Calendar are considered routine by the Long Beach Transit (LBT) Board of Directors and will all be enacted by one motion. There will be no separate discussion of these items unless a member of the Board of Directors or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

CONSENT CALENDAR (6)

6. Recommendation to approve the minutes of the regular session meeting held on July 25, 2024.

Suggested Action: Approve recommendation.

REGULAR CALENDAR

7. Monthly Financial Report. (Lisa Patton)

INFORMATION ITEM

8. Recommendation to adopt a resolution authorizing the President and CEO to file an application and execute a grant agreement with the Federal Transit Administration for \$24,199,932 under the Bipartisan Infrastructure Law. (Jenifer Maxwell)

Suggested Action: Approve recommendation.

9. Recommendation to adopt a resolution authorizing the President and CEO to submit a funding request to the California Department of Transportation for Senate Bill 1 State of Good Repair funds to obligate allocated funding in the amount of \$1,335,180 for Long Beach Transit's capital projects. (Marisol Barajas)

Suggested Action: Approve recommendation.

10. Recommendation to approve the pilot Finance and Budget Advisory Board Committee, commencing the first quarter of calendar year 2025. (Jen Flores)

Suggested Action: Approve recommendation.

11. Customer Relations and Communications Advertising and Outreach. (Michael Gold)

INFORMATION ITEM

12. Fiscal Year 2023 Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Award. (Kenneth McDonald)

INFORMATION ITEM

13. FY 2025 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. (Kenneth McDonald)

INFORMATION ITEM

14. Public Comment.

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15. Closed Session.

CONFERENCE REAL PROPERTY (Gov. Code sec. 54956.8)

Property: 4801 Airport Plaza Drive, Long Beach, CA 90815

Kenneth A. McDonald, President and CEO; Lisa Patton, Executive Director/VP, Finance and Budget

Re: Leasing, Price, Terms

16. Recommendation to approve updates to the Leasing Guidelines for 4801 Airport Plaza Drive, Long Beach, CA 90815, as follows:

1. Increase the range of Tenant Improvement Allowance from \$10.00 - \$60.00 per square foot to \$10.00 - \$100.00 per square foot and
2. Increase the range of Lease Rental Rates from \$2.25 - \$2.75 per square foot to \$2.25 - \$3.25 per square foot. (Lisa Patton)

Suggested Action: Approve recommendation.

17. Board Requests.

18. Adjourn. The next regular meeting will be held on October 24, 2024. (David Sutton)

Suggested Action: Approve recommendation.

Note:

Long Beach Transit intends to provide reasonable accommodations in accordance with the Americans with Disabilities Act of 1990. If special accommodation is desired please call the Office of the Board Secretary 48 hours prior to the meeting at 562.599.8599.

Long Beach Transit is an entity which is separate and distinct from the City of Long Beach.

**LONG BEACH TRANSIT
BOARD OF DIRECTORS MEETING
MINUTES**



**THURSDAY, JULY 25, 2024
4801 AIRPORT PLAZA DRIVE
ROSA PARKS BOARD CHAMBER
3:30 P.M.**

David Sutton, Chair
Abigail Mejia, Vice Chair
Raul Añorve, Secretary/Treasurer
Eduardo Angeles, Director
Carl Kemp, Director
Randy Rawlings, Director
Tunua Thrash-Ntuk, Director

Joshua Hickman, City Representative
Christopher Koontz, City Representative

Kenneth A. McDonald
President and Chief Executive Officer

REGULAR MEETING – 3:30 P.M.

1. Call to Order. (Abigail Mejia)

Vice Chair Mejia called the meeting to order at 3:30 p.m.

2. Roll Call. (Jen Flores)

Directors Present: Eduardo Angeles, Raul Añorve, Carl Kemp and Abigail Mejia

Directors Excused: Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

3. Employee Recognition. (Jen Flores)

Employees of the Month for July 2024:

Keith Harris, Transit Service Delivery and Planning
Frank Ortiz, Maintenance and Infrastructure
Laura Orozco, Administrative Staff

INFORMATION ITEM

Jen Flores, Board Secretary, presented the Employees of the Month for July 2024.

Frances Emily Dawson Harris, a member of the public, gave a live public comment on Operator Harris

4. Public Comment.

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The Board received copies of a public comment submitted via email from Wayne Wright

France Emily Dawson Harris, a member of the public, gave a live public comment regarding priority seating for person with disabilities.

5. Agency Report. (Lisa Patton)

INFORMATION ITEM

Lisa Patton, Executive Director/VP, Finance and Budget, presented the monthly agency report.

Ms. Patton reported on internal High Impact Presentation Training and the July Safety Blitz events.

Ms. Patton highlighted various community events LBT staff participated in for the month of July.

Ms. Patton gave a summary of the APTA Transit Board Member Seminar attended by Board Directors and staff.

Secretary/Treasurer Añorve gave a summary of his experience at the APTA Transit Board Member Seminar.

Francis Emily Dawn Harris, a member of the public, gave a live public comment regarding LBT staff.

NOTICE TO THE PUBLIC

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CONSENT CALENDAR (6)

A motion was made by Secretary/Treasurer Añorve, seconded by Director Kemp, to pass the consent calendar. The motion carried by the following vote:

Yes: 4 - Eduardo Angeles, Raul Añorve, Carl Kemp and Abigail Mejia

Excused: 3 – Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

6. Recommendation to approve the minutes of the regular session meeting held on June 27, 2024.

Suggested Action: Approve recommendation.

REGULAR CALENDAR

7. Monthly Financial Report. (Ashley Liang)

INFORMATION ITEM

Ashley Liang, Treasurer, presented the staff report.

Item was received and filed

8. Recommendation to authorize the President and CEO to enter into a contract with New Flyer for the purchase of 30, 40-foot, low-floor BEBs for an initial cost of \$43,878,785, including sales taxes with a 5% contingency of \$2,193,939, for a total authorization amount not to exceed \$46,072,724. (James Scott)

Suggested Action: Approve recommendation.

James Scott, Executive Director/VP, Maintenance and Infrastructure, presented the staff report.

Francis Emily Dawson Harris, a member of the public, submitted an inquiry about the wheelchair ramps on the new buses.

Director Kemp inquired about the buses ADA compliance.

Mr. Scott confirmed that the buses are ADA compliant and will have wheelchair ramps.

Director Kemp asked for clarifications regarding the number of bids received.

Mr. Scott responded that this was a procurement done off a State contract that included four participants. Only one of the participants was taking orders that met LBT specifications.

Secretary/Treasurer Añorve inquired about the delivery timeline.

Mr. Scott responded that if the Board approved this contract, LBT has a production spot reserved and that LBT would receive the first bus in December 2025 and a bus would follow approximately every week or so.

A motion was made by Director Angeles, seconded by Secretary/Treasurer Añorve, to approve the recommendation. The motion carried by the following vote:

Yes: 4 - Eduardo Angeles, Raul Añorve, Carl Kemp and Abigail Mejia.

Excused: 3 – Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

9. Recommendation to authorize the President and CEO to enter into a contract with Complete Coach Works to refurbish 13 New Flyer 60' CNG buses at a cost of \$4,125,279 with a 5% contingency of \$206,264, for a total authorization amount not to exceed \$4,331,543. (Branden Spalding)

Suggested Action: Approve recommendation.

Braden Spalding, Manager, Fleet Maintenance, presented the staff report.

Secretary/Treasurer Añorve inquired about the 12-year lifespan.

Mr. Spalding responded that the 12-year lifespan is an FTA mandate, however LBT can run the buses beyond 12 years based on their condition.

Secretary/Treasurer Añorve asked how much longer LBT is planning to use these buses after the rehabilitation.

Mr. Spalding responded that the buses have a 20-year tank life and that LBT could use these buses for another 10 years if needed.

A motion was made by Director Angeles, seconded by Secretary/Treasurer Añorve, to approve the recommendation. The motion carried by the following vote:

Yes: 4 - Eduardo Angeles, Raul Añorve, Carl Kemp and Abigail Mejia.

Excused: 3 – Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

10. Recommendation to authorize the President and CEO to enter into a three-year agreement with Nth Generation, for the renewal of the Darktrace Cyber Security System, for an amount not to exceed \$497,546. (Pretty George)

Suggested Action: Approve recommendation.

Pretty George, Executive Director/VP, Information Technology, presented the staff report.

Secretary/Treasurer Añorve inquired why the DBE/SBE goal was not set for this procurement.

Ms. George responded that the solution is unique and there are not many vendors that could provide the service.

Secretary/Treasurer Añorve questioned if LBT buses are covered by this service.

Ms. George responded that the buses are monitored as soon as they are on LBT property.

Secretary/Treasurer Añorve asked if LBT work-at-home employees and LBT customers are covered.

Ms. George responded that LBT provides secure VPNs for employees working from home. Regarding customers, the buses participating the Wi-Fi pilot are covered. However, customers using the TAP validators are not covered by LBT as that device is serviced by Metro.

Secretary/Treasurer Añorve asked if LBT has training for employees.

Ms. George responded that LBT does have mandatory quarterly cybersecurity training for employees.

Secretary/Treasurer Añorve questioned if the solution would integrate with new software.

Ms. George responded that this system would integrate with any new software that LBT procures.

Director Angeles inquired if LBT was affected by CrowdStrike.

Ms. George responded that LBT is not a CrowdStrike customer. LBT staff was in communication with vendors that were CrowdStrike customers and LBT had no downtime.

A motion was made by Director Kemp, seconded by Director Angeles, to approve the recommendation. The motion carried by the following vote:

Yes: 4 - Eduardo Angeles, Raul Añorve, Carl Kemp and Abigail Mejia.

Excused: 3 – Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

11. Recommendation to approve a procurement policy to authorize the President and CEO to solicit the Design Build Project Delivery Method using the best value procurement method for construction projects per California Public Contract Code 22160. (Joanna Bould)

Suggested Action: Approve recommendation.

Joanna Bould, Manager, Procurement, presented the staff report.

Secretary/Treasurer Añorve requested that staff provide any presentation slides ahead of time, if possible.

A motion was made by Secretary/Treasurer Añorve, seconded by Director Angeles, to approve the recommendation. The motion carried by the following vote:

Yes: 4 - Eduardo Angeles, Raul Añorve, Carl Kemp and Abigail Mejia.

Excused: 3 – Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

12. Public Comment.

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Eli Lipmen, Executive Director, Move LA, provided a live public comment about So-Cal Transit Week.

13. Board Requests.

Director Kemp requested that staff look into a partnership with Move LA and So Cal Transit Week.

Secretary/Treasurer Añorve seconded Director Kemp's request that LBT support Move LA and So Cal Transit Week.

Director Kemp inquired about fare-free days that LBT offers.

Vice Chair Mejia asked for a follow-up regarding open Board requests.

14. Adjourn. The next regular meeting will be held on September 26, 2024. (Abigail Mejia)

Suggested Action: Approve recommendation.

Meeting adjourned at 4:45 p.m.

A motion was made by Director Kemp, seconded by Secretary/Treasurer Añorve, to approve the recommendation. The motion carried by the following vote:

Yes: 4 - Eduardo Angeles, Raul Añorve, Carl Kemp and Abigail Mejia

Excused: 3 – Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

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**LONG BEACH TRANSIT
STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD JULY 1, 2024 TO AUGUST 31, 2024**

Page 1 of 4

| | August 2023 | August 2024 | August Budget | % | Year to Date FY 2024 | Year to Date FY 2025 | Year to Date Budget | % |
|--|--------------------|---------------------|---------------------|------------|-------------------------|-------------------------|------------------------|------------|
| OPERATING REVENUE | | | | | | | | |
| Passenger Fares | \$753,030 | \$843,257 | \$766,238 | 110 | \$1,455,197 | \$1,640,629 | \$1,499,295 | 109 |
| Dial A Lift Fares | 3,348 | 3,652 | 3,418 | 107 | 6,496 | 7,154 | 6,628 | 108 |
| Aqua Service Fares | 60,265 | 88,845 | 86,049 | 103 | 139,652 | 188,038 | 169,987 | 111 |
| Special Event Service Revenue | 3,406 | 7,918 | 500 | 1,584 | 3,406 | 24,756 | 1,000 | 2,476 |
| Advertising Revenue | 56,250 | 56,250 | 58,333 | 96 | 112,500 | 112,500 | 116,666 | 96 |
| Interest & Miscellaneous | 309,335 | 503,538 | 298,966 | 168 | 602,594 | 1,068,657 | 563,163 | 190 |
| TOTAL OPERATING REVENUE | \$1,185,633 | \$1,503,460 | \$1,213,504 | 124 | \$2,319,844 | \$3,041,734 | \$2,356,739 | 129 |
| SUBSIDY REVENUE | | | | | | | | |
| Federal | \$500,000 | \$1,750,000 | \$1,750,000 | 100 | \$500,000 | \$3,350,000 | \$3,350,000 | 100 |
| State | 2,838,136 | 2,668,574 | 2,668,574 | 100 | 5,676,272 | 5,337,148 | 5,337,148 | 100 |
| County | 4,055,788 | 5,772,902 | 4,559,873 | 127 | 8,113,118 | 9,119,747 | 9,119,746 | 100 |
| Local | 783,063 | 1,965,342 | 780,901 | 252 | 2,021,097 | 2,080,016 | 2,040,497 | 102 |
| TOTAL SUBSIDY REVENUE | \$8,176,987 | \$12,156,818 | \$9,759,348 | 125 | \$16,310,487 | \$19,886,911 | \$19,847,391 | 100 |
| TOTAL REVENUE | \$9,362,620 | \$13,660,278 | \$10,972,852 | 124 | \$18,630,331 | \$22,928,645 | \$22,204,130 | 103 |
| OPERATING EXPENSES | | | | | | | | |
| Operations | \$4,863,966 | \$5,241,693 | \$5,465,821 | 96 | \$9,772,331 | \$10,500,632 | \$11,087,022 | 95 |
| Maintenance | 2,295,732 | 2,584,215 | 2,610,276 | 99 | 4,484,123 | 5,016,718 | 5,174,394 | 97 |
| Administration | 1,943,534 | 2,004,600 | 2,285,782 | 88 | 3,741,002 | 3,726,068 | 4,570,484 | 82 |
| Fuel & Lubricants | 566,936 | 410,984 | 596,140 | 69 | 1,012,606 | 905,548 | 1,168,706 | 77 |
| TOTAL OPERATING EXPENSES | \$9,670,168 | \$10,241,492 | \$10,958,019 | 93 | \$19,010,061 | \$20,148,967 | \$22,000,606 | 92 |
| NET INCOME (LOSS) BEFORE DEPR. | (\$307,548) | \$3,418,786 | \$14,833 | | (\$379,730) | \$2,779,678 | \$203,524 | |
| DEPRECIATION | \$1,440,577 | \$1,628,216 | \$1,628,216 | 100 | \$2,858,189 | \$3,300,878 | \$3,300,878 | 100 |

**LONG BEACH TRANSIT
SCHEDULE OF EXPENSES
FOR PERIOD JULY 1, 2024 TO AUGUST 31, 2024**

Page 2 of 4

| | Operations | Maintenance | Admin | Total Curr. Month | Current Month Budget | % | Year to Date | Year to Date Budget | % |
|------------------------------|-------------|-------------|---------|----------------------|-------------------------|-----|-----------------|------------------------|-----|
| LABOR | | | | | | | | | |
| Operators | \$2,727,712 | \$0 | \$0 | \$2,727,712 | \$2,756,939 | 99 | \$5,540,019 | \$5,670,948 | 98 |
| Maintenance | 0 | 614,619 | 0 | 614,619 | 639,619 | 96 | 1,322,639 | 1,283,032 | 103 |
| Salaried | 355,156 | 478,046 | 725,677 | 1,558,878 | 1,678,311 | 93 | 3,016,931 | 3,351,690 | 90 |
| FRINGE BENEFITS | | | | | | | | | |
| FICA | 215,510 | 75,343 | 51,993 | 342,846 | 365,235 | 94 | 691,709 | 741,694 | 93 |
| Pension | 383,381 | 133,889 | 94,465 | 611,735 | 680,278 | 90 | 1,234,746 | 1,382,359 | 89 |
| Health | 556,812 | 188,290 | 129,447 | 874,550 | 943,481 | 93 | 1,730,538 | 1,886,962 | 92 |
| Workers' Compensation | 445,754 | 41,725 | 1,424 | 488,903 | 488,433 | 100 | 977,644 | 976,866 | 100 |
| Uniform & Tool Allowance | 13,221 | 8,905 | 1,080 | 23,205 | 25,846 | 90 | 34,886 | 47,593 | 73 |
| Unemployment & Other Fringes | 2,555 | 2,100 | 24,331 | 28,986 | 40,812 | 71 | 46,171 | 74,024 | 62 |
| SERVICES | | | | | | | | | |
| Advertising | 0 | 0 | 61,006 | 61,006 | 68,496 | 89 | 95,237 | 136,992 | 70 |
| Professional & Technical | 13,057 | 21,430 | 175,807 | 210,294 | 319,127 | 66 | 333,499 | 639,809 | 52 |
| Contract Maintenance | 0 | 182,363 | 222,473 | 404,836 | 421,116 | 96 | 636,301 | 832,060 | 76 |
| Security | 271,666 | 34,375 | 0 | 306,041 | 311,431 | 98 | 513,877 | 588,427 | 87 |
| Employment Physicals | 0 | 0 | 7,714 | 7,714 | 18,000 | 43 | 28,058 | 36,000 | 78 |
| Other | 0 | 6,639 | 5,138 | 11,777 | 16,529 | 71 | 20,937 | 30,722 | 68 |

**LONG BEACH TRANSIT
SCHEDULE OF EXPENSES
FOR PERIOD JULY 1, 2024 TO AUGUST 31, 2024**

Page 3 of 4

| | Operations | Maintenance | Admin | Total Curr. Month | Current Month Budget | % | Year to Date | Year to Date Budget | % |
|----------------------------------|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|-----------|----------------------------|----------------------------|-----------|
| MATERIALS & SUPPLIES | | | | | | | | | |
| Fuel & Lubricants | \$0 | \$410,984 | \$0 | \$410,984 | \$596,140 | 69 | \$905,548 | \$1,168,706 | 77 |
| Fleet Parts & Supplies | 0 | 514,219 | 0 | 514,219 | 470,410 | 109 | 989,727 | 918,666 | 108 |
| Other Materials & Supplies | 0 | 49,963 | 30,006 | 79,969 | 84,419 | 95 | 150,839 | 168,928 | 89 |
| UTILITIES | 0 | 157,047 | 50,423 | 207,470 | 210,691 | 98 | 387,810 | 414,315 | 94 |
| CASUALTY/LIABILITY COSTS | 0 | 6,917 | 388,130 | 395,046 | 393,270 | 100 | 787,431 | 786,540 | 100 |
| PURCHASED TRANS. SERVICE | | | | | | | | | |
| Dial A Lift | 104,024 | 0 | 0 | 104,024 | 113,906 | 91 | 206,976 | 224,536 | 92 |
| Aqua Service | 152,158 | 0 | 0 | 152,158 | 174,535 | 87 | 283,970 | 344,964 | 82 |
| MISC. EXPENSES | | | | | | | | | |
| Dues & Subscriptions | 0 | 0 | 11,708 | 11,708 | 15,833 | 74 | 24,121 | 31,666 | 76 |
| Taxes, Fees | 0 | 30,679 | 0 | 30,679 | 33,329 | 92 | 61,359 | 65,258 | 94 |
| Training, Travel & Meetings | 0 | 0 | 9,708 | 9,708 | 27,501 | 35 | 17,203 | 55,002 | 31 |
| Schedules & Tickets | 0 | 0 | 4,104 | 4,104 | 8,750 | 47 | 12,389 | 17,500 | 71 |
| Safety & Misc. Items | 0 | 4,461 | 4,946 | 9,406 | 15,001 | 63 | 18,726 | 30,002 | 62 |
| Recruitment Advertising | 0 | 0 | 4,904 | 4,904 | 8,000 | 61 | 9,308 | 16,000 | 58 |
| Other | 689 | 33,205 | 115 | 34,009 | 32,581 | 104 | 70,367 | 79,344 | 89 |
| TOTAL OPERATING EXPENSES: | <u>\$5,241,693</u> | <u>\$2,995,200</u> | <u>\$2,004,600</u> | <u>\$10,241,492</u> | <u>\$10,958,019</u> | 93 | <u>\$20,148,967</u> | <u>\$22,000,606</u> | 92 |

LONG BEACH TRANSIT BALANCE SHEET

Page 4 of 4

| | Balance at 08/31/24 | Balance at 07/31/24 | Balance at 08/31/23 |
|---------------------------------------|---------------------------|---------------------------|---------------------------|
| <u>ASSETS</u> | | | |
| Cash and Investments | 80,033,040 | 75,750,674 | 59,988,431 |
| Receivables | | | |
| Federal | 1,831,178 | 2,124,046 | 3,475,830 |
| State | 4,387,290 | 3,324,594 | 1,596,825 |
| County | 406,217 | 3,598,945 | 6,169,335 |
| Local | 3,516,423 | 1,564,404 | 1,927,857 |
| Miscellaneous | 2,877,974 | 4,153,707 | 2,811,490 |
| Materials & Supplies Inv. | 4,098,345 | 4,098,363 | 3,710,419 |
| Net Capital Assets | 115,932,924 | 118,108,278 | 124,930,267 |
| Other Assets | 21,504,069 | 14,036,473 | 21,522,237 |
| TOTAL ASSETS | 234,587,459 | 226,759,482 | 226,132,691 |
| <u>LIABILITIES AND CAPITAL</u> | | | |
| Trade Payables | 4,466,957 | 4,819,830 | 3,412,492 |
| Accrued Payroll Liabilities | 6,885,650 | 7,452,718 | 6,914,865 |
| Net Pension Liability (GASB 68) | 34,055,081 | 34,055,081 | 32,192,337 |
| Compensated Absence Liabilities | 5,156,573 | 4,957,982 | 3,666,396 |
| Estimated Liabilities | 73,180,984 | 65,875,085 | 69,573,605 |
| Deferred Credits | 22,949,786 | 22,952,971 | 11,080,921 |
| Long-Term Notes Payable | 0 | 0 | 0 |
| TOTAL LIABILITIES | 146,695,030 | 140,113,667 | 126,840,616 |
| Federal Capital Contributions | 340,140,821 | 340,708,997 | 336,124,892 |
| State Capital Contributions | 115,911,528 | 115,918,643 | 114,607,456 |
| Local Capital Contributions | 131,735,463 | 131,704,128 | 128,808,962 |
| Accumulated Earnings (Losses) | (499,895,382) | (501,685,952) | (480,249,235) |
| TOTAL CAPITAL | 87,892,429 | 86,645,816 | 99,292,075 |
| TOTAL LIABILITIES AND CAPITAL | 234,587,459 | 226,759,482 | 226,132,691 |



RECOMMENDED ACTION

To adopt a resolution authorizing the President and CEO to file an application and execute a grant agreement with the Federal Transit Administration for eligible funding provided through the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law.

STAFF REPRESENTATIVE

Jenifer Maxwell, Manager, Capital Programs

BACKGROUND

Long Beach Transit (LBT) procures most of its capital assets through annual grants awarded by the Federal Transit Administration (FTA). These grants are allocated by region under Section 5307 Urbanized Area Formula Grant Funds of the Bipartisan Infrastructure Law (BIL). LBT is eligible to receive funds based on a formula allocation.

The BIL, enacted on November 15, 2021, established funding levels and federal policy for the nation's highways and public transit systems for fiscal years 2022 through 2026.

The BIL authorizes up to \$108 billion to support federal public transportation programs, including \$91 billion in guaranteed funding. The surface transportation bill will help repair and upgrade aging transit infrastructure and modernize bus fleets. The legislation provides funding over five years for grants to fund the repair and maintenance of transit systems. Funding in the BIL will also support replacing transit vehicles by providing Grants to transition to zero-emission buses and build fueling and maintenance infrastructure.

For Fiscal Year 2025, LBT is eligible to apply for federal capital funds from the FTA and submit capital grant applications under Section 5307. Section 5307 funding will support the agency's continued efforts to replace its fleet, upgrade and modernize its facilities, upgrade and enhance technology, replace support equipment, and enhance security equipment.

LBT continues its efforts to replace older model buses with newer, clean-air technology. In June 2020, the Board approved LBT's zero-emission rollout plan. The zero-emission rollout plan responds to California's state requirement for all transit agencies to purchase zero-emission buses to become 100% zero-emission. The agency is implementing its rollout plan to operate a 100% zero-emission fleet by 2030. LBT currently has the following zero-emission buses in the fleet:

- 20, 35-foot Battery Electric Buses (BEBs)
- 24, 40-foot BEBs
- 5, 45-foot Over the Road Coach BEBs



Board Agenda Item No. 08 September 26, 2024

- 30, 40' BEBs on order

Upon delivery, LBT will have 79 BEBs complimenting its 125 Compressed Natural Gas (CNG) buses.

ALTERNATIVES CONSIDERED

No other options were available for consideration. Federal funding is the primary source for capital projects for public transit.

BUDGETARY/FISCAL IMPACT

This \$24.1 million allocation is 53% of LBT's total \$45.8 million capital budget for Fiscal Year 2025.

These funds will be used for the following projects:

- Fleet Replacement
- Customer Amenities Improvements
- Ferry Boat Electrification
- Preventive Maintenance

Procurements will continue to be brought to the Board for review and approval based upon LBT's Procurement Policy.

STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors adopt a resolution authorizing the President and CEO to file an application and execute a grant agreement with the Federal Transit Administration for \$24,199,932 under the Bipartisan Infrastructure Law.

Kenneth A. McDonald
President and Chief Executive Officer



RESOLUTION OF LONG BEACH TRANSIT

Resolution authorizing the filing of applications with the U.S. Department of Transportation for grants under the Infrastructure and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL).

WHEREAS, the Secretary of Transportation is authorized to make grants for a mass transportation program of projects and budget;

WHEREAS, the contract for financial assistance will impose certain obligations upon the applicant, including the provision of the local share of the project costs in the program;

WHEREAS, it is required by the U.S. Department of Transportation that the applicant give an assurance it will comply with Title VI of the Civil Rights Act of 1964 as amended and the U.S. Department of Transportation requirements thereunder; and

WHEREAS, it is the goal of the applicant to ensure nondiscriminatory transportation programs and services in support of the mission to enhance the social and economic quality of life without regard to race, color, and national origin; and

WHEREAS, the applicant will include provisions to improve transportation options, redevelop communities, and expand opportunities for low-income individuals, persons with disabilities, and minorities to include disadvantaged business enterprises; and

WHEREAS, the applicant will utilize disadvantaged business enterprises to the fullest extent possible in connection with this/these project(s), and that definite procedures shall be established and administered to ensure that disadvantaged businesses shall have the maximum opportunities to bid on construction, supplies, equipment, consultant and other services contracts.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Long Beach Transit (LBT),

1. That the President and CEO or his/her designee is authorized to execute and file an application on behalf of LBT with the U.S. Department of Transportation to aid in the financing of planning, capital, and/or operating assistance projects pursuant to the approved surface transportation bill.
2. That the President and CEO is authorized to execute and file with such applications an assurance or any other document required by the U.S. Department of Transportation effectuating the purpose of Title VI of the Civil Rights Act of 1964.
3. That the President and CEO is authorized to furnish such additional information as the U.S. Department of Transportation may require in connection with the application for the program of projects and budget.



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4. That the President and CEO is authorized to set forth and execute Disadvantaged Business Enterprise (DBE) policies in connection with the program of projects and budget procurement needs.
5. That the President and CEO or his/her designee is authorized to execute grant agreements on behalf of LBT with the U.S. Department of Transportation for aid in financing the planning, capital, and/or operating assistance program of projects and budget.

CERTIFICATION

The undersigned duly appointed Secretary/Treasurer certifies that the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the LBT Board of Directors held on September 26, 2024.

Raul Añorve
Secretary/Treasurer, Board of Directors

Date



Board Agenda Item No. 09

September 26, 2024

RECOMMENDED ACTION

To adopt a resolution authorizing the President and CEO to submit a funding request to the California Department of Transportation for Senate Bill 1 State of Good Repair funds to obligate allocated funding in the amount of \$1,335,180 for Long Beach Transit's capital projects.

STAFF REPRESENTATIVE

Marisol Barajas, Manager, Government Relations

BACKGROUND

On April 28, 2017, Governor Jerry Brown signed Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017, into law. Section 19 of SB 1 modifies the State Transit Assistance (STA) program to provide new funding to transit operators in California for eligible state of good repair (SGR) capital projects. The SGR is funded from a portion of the new Transportation Improvement Fees on vehicle registrations, which commenced on January 1, 2018.

For Fiscal Year (FY) 2024-2025, the State Controller's Office (SCO) estimated that the SGR would provide close to \$138 million in funding statewide, with more than \$22 million allocated to Los Angeles County. Long Beach Transit (LBT), alongside other Los Angeles County Municipal Operators, will receive funding from the SGR program. Annually, the Los Angeles County Metropolitan Transportation Authority (Metro), as the Regional Transportation Planning Agency (RTPA), allocates the SGR funds through the Formula Allocation Procedure (FAP). Based on Metro's Transit Fund Allocations, LBT's State of Good Repair Program allocation will be \$1,335,180 for FY 2024-2025.

While the funding is formula driven, all eligible recipients are required to submit to the California Department of Transportation (Caltrans) a list of capital projects for which they plan to use the funds. Caltrans must approve these projects before the SCO will release the funds.

The deadline for submission of all required documentation to be eligible for the first quarterly distribution was September 2, 2024.

The eligible project planned for these funds:

1. Articulated Bus Rehabilitation Project \$1,335,180—Midlife rehabilitation of 13, 60-foot Articulated Buses, which are required for operation to provide core service to customers and increase efficiency by reducing future operating and maintenance costs by ensuring LBT buses are in a like-new condition, the midlife refurbishment includes refurbishments of interior/exterior paint, exterior decals, interior/exterior lighting, and vehicle fire



Board Agenda Item No. 09 September 26, 2024

suppression recertification. In addition to the refurbishment, these buses will receive a modern, eco-friendly replacement engine.

ALTERNATIVES CONSIDERED

LBT considered funding sources other than the SGR. Upon evaluation, staff concluded insufficient viable funding sources to support the Articulated Bus Rehabilitation project.

BUDGETARY/FISCAL IMPACT

Based on the Metro's Transit Fund Allocations, LBT's SGR Program allocation for FY 2024–2025 is \$1,335,180.

STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors adopt a resolution authorizing the President and CEO to submit a funding request to the California Department of Transportation for Senate Bill 1 State of Good Repair funds to obligate allocated funding in the amount of \$1,335,180 for Long Beach Transit's capital projects.

Kenneth A. McDonald
President and Chief Executive Officer



Board Agenda Item No. 09 September 26, 2024

RESOLUTION OF LONG BEACH TRANSIT

Resolution authorizing the submittal of a funding request, required certification and assurances and authorized agent form for the Senate Bill 1 State of Good Repair Program.

WHEREAS, Long Beach Transit (LBT), is an eligible recipient of Senate Bill 1 (SB 1) State of Good Repair (SGR) funding administered through the California Department of Transportation (Caltrans); and

WHEREAS, Caltrans has developed guidelines for the purpose of distributing and administering SGR funds approved under SB 1 through the STA program to eligible transit operators which includes Long Beach Transit; and

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (Metro) is the Regional Transportation Planning Agency (RTPA) for Los Angeles County authorized to receive and sub-allocate SGR funds to the transit operators under their jurisdiction based on the amounts published by the State Controller's Office (SCO); and

WHEREAS, Caltrans SGR guidelines require that a list of transit projects be submitted by September 1, 2024, and other supporting documents as necessary such as board authorized resolution, certification and assurances and authorized agent form can be uploaded upon approval; and

WHEREAS, LBT wishes to delegate authorization to submit the required funding request documentation and any amendments thereto to LBT President and CEO, or his/her designee.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of LBT that the grant recipient agrees to comply with all conditions and requirements set forth in the SGR program guidance, applicable statutes, and regulations pursuant to Caltrans-funded transit projects.

NOW THEREFORE, BE IT FURTHER RESOLVED that LBT President and CEO, or his/her designee, be authorized to execute all required documents of the Caltrans SB 1 SGR grant program and any amendments thereto with Caltrans.

CERTIFICATION

The undersigned duly appointed Secretary/Treasurer certifies that the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the LBT Board of Directors held on September 26, 2024.

Raul Añorve
Secretary/Treasurer, Board of Directors

Date



RECOMMENDED ACTION

To approve staff's recommendation to pilot a new Finance and Budget Advisory Board Committee to commence the first quarter of calendar year 2025.

STAFF REPRESENTATIVE

Jen Flores, Board Secretary

BACKGROUND

During the Board of Directors' Retreat in May 2024, the Board requested staff reevaluate the current Board committee structure and make new recommendations to capitalize on its engagement and desire to interact more with staff.

Currently, LBT Board of Directors has three committees, two of which have been on hiatus since the onset of the pandemic:

Executive Committee:

- o *Covers matters pertaining to business of the Board of Directors and President and CEO; composition consists of the Board Officers (Chair, Vice Chair, Secretary/Treasurer)*

Finance and Operations (on hiatus):

- o *Covers matters pertaining to Finance, Budget, Safety, Security and Emergency Management; and Operational Issues, Processes and Programs*

Policy and Governance (on hiatus):

- o *Covers matters pertaining to Board operations and standards*

Staff researched the governance structures of various California medium-sized transit operators, as defined by the American Public Transportation Association (APTA), similar to LBT in terms of size, ridership, fleet size, operating budgets and Board structure (in addition to four other notable transit operators within the state).

The medium-sized transit operators include Santa Cruz METRO, Riverside Transit Agency, OmniTrans (San Bernardino Valley), Monterey-Salinas Transit and Ventura County Transportation Commission (VCTC). The other notable transit operators include Orange County Transportation Authority (OCTA), San Diego Metropolitan Transit System (MTS), San Francisco Municipal Transportation Agency (SFMTA) and Alameda-Contra Costa Transit District (AC Transit).



Board Agenda Item No. 10 September 26, 2024

Most agencies established on average three advisory committees focusing on the areas of finance, operations and regulatory oversight.

Staff recommends the continuation of the Executive Committee, in addition to piloting a new Finance and Budget advisory committee to replace Finance and Operations:

Finance and Budget:

- o Covers matters pertaining to budget, fiscal performance, funding issues, and financial review

This advisory committee should meet quarterly. A maximum of two members per committee is recommended to avoid a quorum situation should the Chair or an additional Board member participate in a meeting.

ALTERNATIVES CONSIDERED

The Board may choose not to form this new advisory committee. However, the original suggestion of the Board Members was to restructure the committees.

STAFF RECOMMENDATION

Staff is recommending LBT's Board of Directors approve the pilot Finance and Budget Advisory Board Committee, commencing the first quarter of calendar year 2025.

Kenneth A. McDonald
President and Chief Executive Officer⁷¹



INFORMATION ITEM

Customer Relations and Communications Advertising and Outreach

STAFF REPRESENTATIVE

Michael Gold, Executive Director/VP, Customer Relations and Communications

BACKGROUND

Long Beach Transit (LBT) utilizes multiple channels to promote its services to customers and the general public. These channels include advertising, social media, direct outreach and the website.

Advertising

Following the pandemic, staff adjusted its outreach strategies to focus on rebuilding lost ridership. Prior to the pandemic, LBT had its first year of ridership growth and the outreach reach strategies were different. And, during the pandemic, the focus was on customer safety.

The last survey given to LBT customers was in 2023 92% of respondents took the survey in English, while 8% took it in Spanish. While it was offered in other languages as well, no respondents requested the survey in languages other and English and Spanish.

Utilizing data from customer surveys indicate that nearly 70% of LBT customers are between the ages of 18 and 44, with 70% speaking English, 29% speaking Spanish, with about 86% speaking and understanding English "well" or "very well," the strategic focus has been on a "look alike" audience.

The focus of the "look alike" audience is showing potential customers who ride the bus so these potential customers could see themselves as LBT customers too. This means the collateral developed and presented would reflect the customers and why they are LBT customers.

Outreach

In addition to advertising, the CRC team promotes LBT through different outreach tactics, including social media and service-related information. The materials produced for outreach are in English, Spanish and Khmer. The goal is to enhance LBT's overall brand and communicate the different service offerings, including water taxis, Museum Express, the UCLA Westwood Commuter Express and Galaxy Express.



Board Agenda Item No. 11 September 26, 2024

Bus Wi-Fi and Advertising Pilot

On November 15, 2023, LBT posted a Request for Proposals (RFP) soliciting for a vendor to provide Wi-Fi, screens, and advertising on LBT buses.

LBT sought vendors to provide free Wi-Fi access to customers and this program would be supported through advertising on screens and via the phones customers utilized to access the free Wi-Fi.

Following the review of the submitted proposals, staff recommended that the CEO enter into an agreement with Kajeet, Inc.

Kajeet, Inc. provides wireless access to school buses, libraries and other institutions and is the leading provider of these services onboard school buses. Kajeet is partnering with a local vendor, Galli Media (based in Long Beach, CA) for the advertising component.

The project began with a phased pilot, including two buses to start, which will be followed by a total of 20-25 BEB buses testing the Wi-Fi access and advertising for about a year.

The testing will help LBT better understand the ability to support Wi-Fi access to customers on a revenue-based advertising model, with a particular focus on the long-term sustainability of the service.

Following the pilot project, LBT and the vendors will evaluate the opportunity to expand the project to the entire fleet, based on a model of net positive revenue returns to LBT.

STAFF RECOMMENDATION

Not applicable. Information only item.

Kenneth A. McDonald
President and Chief Executive Officer



Board Agenda Item No. 12

September 26, 2024

INFORMATION ITEM

Fiscal Year 2023 Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Award

STAFF REPRESENTATIVE

Kenneth A. McDonald, President and CEO

BACKGROUND

Each year, Long Beach Transit (LBT) submits an Annual Comprehensive Financial Report (ACFR) that is the official document used in presenting the results of the annual financial operations to the Government Finance Officers Association (GFOA) of the United States and Canada.

The Annual Comprehensive Financial Report is presented in a manner designed to fairly disclose the financial position and results of the operations of LBT as measured by its financial activities.

The Annual Comprehensive Financial Report includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Required Supplementary Information
- Statistical Information

GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program in 1945. The goal of the program is to recognize individual governments that presented the Annual Comprehensive Financial Report in the spirit of transparency and full disclosure.

For LBT's Fiscal Year (FY) 2023 Annual Comprehensive Financial Report, GFOA has awarded LBT the Certificate of Achievement for Excellence in Financial Reporting. In order to receive the award, a public organization must satisfy nationally recognized guidelines for effective financial reporting presentation.

LBT's Annual Comprehensive Financial Report was judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" in clearly communicating its financial story and motivating potential users and user groups to read the report.



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LBT is honored and proud to be acknowledged this year by GFOA for excellent financial reporting. This represents the 34th consecutive year LBT has received this noteworthy award.

The following staff members made significant contributions to the FY 2023 Annual Comprehensive Financial Report:

- Lisa Patton, Executive Director/VP, Finance and Budget
- Ashley Liang, Treasurer
- Terry Coon, Manager, Finance
- Erika Calderon, Comptroller
- Jenifer Maxwell, Manager, Capital Programs
- Samantha Ihlenfeldt, Budget Analyst
- Jeff Fortune, Capital and Grants Planner
- Irma Pamplona, Financial Analyst
- Laura Orozco, Administrative Assistant, Finance

This award is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment.

STAFF RECOMMENDATION

Not Applicable. Information Item

Kenneth A. McDonald
President and Chief Executive Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Long Beach Transit
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Board Agenda Item No. 13

September 26, 2024

INFORMATION ITEM

FY 2025 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award

STAFF REPRESENTATIVE

Kenneth A. McDonald, President and CEO

BACKGROUND

Each year, Long Beach Transit's (LBT) Board of Directors adopts a budget to implement the agency's objectives and capital strategic priorities. For LBT's Fiscal Year (FY) 2025 Budget, the Government Finance Officers Association of the United States and Canada (GFOA) has awarded LBT the Distinguished Budget Presentation Award.

The award represents a significant achievement for LBT. It reflects the agency's commitment to meeting the highest principles of governmental budgeting. To receive the award, LBT had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as:

- a policy document
- a financial plan
- an operations guide
- a communication device

LBT's budget document was judged by an impartial panel to meet the high standards of the program in regards to 25 specific criteria. Budget documents must be rated "proficient" in all categories and in the mandatory criteria to receive the award.

LBT is honored and proud to be acknowledged for the eighth consecutive year by GFOA for publishing a budget document that meets program criteria as a policy document, a financial plan, an operations guide, as well as a communication device.

The following staff members made significant contributions to the FY 2025 Budget:

- Lisa Patton, Executive Director/VP, Finance and Budget
- Ashley Liang, Treasurer
- Terry Coon, Manager, Finance
- Jenifer Maxwel, Manager, Capital Programs
- Samantha Ihlenfeldt, Budget Analyst
- Melissa Murray, Senior Accountant
- Irma Pamplona, Finance Analyst



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- Jeff Fortune, Capital and Grants Planner
- Shanni Zamora, Senior Accountant, Grants
- Laura Orozco, Administrative Assistant, Finance

STAFF RECOMMENDATION

Not applicable. Information item only.

Kenneth A. McDonald
President and Chief Executive Officer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Long Beach Transit
California**

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morill

Executive Director



Board Agenda Item No. 16

September 26, 2024

RECOMMEND ACTION

To approve updates to the Leasing Guidelines for 4801 Airport Plaza Drive, Long Beach, CA 90815, as follows:

- Increase the range of Tenant Improvement Allowance from \$10.00 - \$60.00 per square foot to \$10.00 - \$100.00 per square foot and
- Increase the range of Lease Rental Rates from \$2.25 - \$2.75 per square foot to \$2.25 - \$3.25 per square foot

STAFF REPRESENTATIVE

Lisa Patton, Executive Director/VP, Finance and Budget

BACKGROUND

At the March 25, 2021 Board of Directors meeting, the Board approved the Leasing Guidelines for the property at 4801 Airport Plaza Drive, Long Beach, CA 90815. These guidelines established minimum lease terms and rate structure to assist the Leasing Agent in negotiating leases consistent with LBT's Leasing Guidelines. The current guidelines set minimum terms related to lease rental rates, term length, rent abatement, tenant improvement allowances, exclusives and taxes.

Since the initial approval of the Leasing Guidelines in 2021, changes in the economy and the commercial real estate market have led to an increase in costs associated with Tenant Improvement Allowance (TIs). Between March of 2021 and September of 2024, the California Department of General Services Construction Cost index, which tracks the changes in construction costs over time, increased 36.8%.

To remain competitive in the local commercial real estate market and to attract quality tenants, Staff is recommending an increase in the Tenant Improvement Allowance within the Leasing Guidelines, from the existing \$10.00 - \$60.00 per square foot to \$10.00 - \$100.00 per square foot.

Also to reflect local market lease rates, Staff is recommending an increase in the Lease Rental Rates from the existing \$2.25 - \$2.75 per square foot to \$2.25 - \$3.25 per square foot.

BUDGETARY/FISCAL IMPACT

Tenant Improvement Allowances are captured as capital projects and are included in the capital budget. Staff will evaluate the impact of TIs for each lease proposal and overall capital budget.

Lease income is included in the operating budget when leases are finalized. Executed rental income have been reflected in the Fiscal Year (FY) 2025 budget.



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ALTERNATIVES CONSIDERED

The Board of Directors could decide not to approve an increase to the Tenant Improvement Allowance or Rental Rates within LBT's Leasing Guidelines. This is not recommended as it could place LBT at a competitive disadvantage in the local commercial real estate market, which could result in difficulty attracting new tenants.

STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors to approve updates to the Leasing Guidelines for 4801 Airport Plaza Drive, Long Beach, CA 90815, as follows:

- Increase the range of Tenant Improvement Allowance from \$10.00 - \$60.00 per square foot to \$10.00 - \$100.00 per square foot and
- Increase the range of Lease Rental Rates from \$2.25 - \$2.75 per square foot to \$2.25 - \$3.25 per square foot

Kenneth A. McDonald
President and Chief Executive Officer



Leasing Guidelines

4801 Airport Plaza Drive, Long Beach, CA 90815

LEASE RATES FOR OFFICE SPACES AND GENERAL ECONOMICS

It is the desire of Long Beach Transit (“Landlord”) to provide for a lease rental rate structure and minimum lease terms to be utilized by the authorized leasing agent for LBT (“Leasing Agent”) for the commercial building, located at 4801 Airport Plaza Drive, Long Beach, CA 90815 (“Property”). The Leasing Guidelines are intended to assist the Leasing Agent in negotiating the most beneficial lease terms that maximize the income stream and promote the best use of the Property. Moreover, it is expected that the use of the Leasing Guidelines will assist in streamlining the leasing process by providing advance authorization to enter into leases consistent with the Leasing Guidelines, which will further support the goal of obtaining the most beneficial lease terms.

LEASE RENTAL RATES

Office Rental Rates Base-Line Economics:

- Full Service Gross (FSG) with tenants paying common area expenses over a base year.
- Represent current “fair market rent,” with a minimum rate of \$2.25 per square foot (psf) to ~~\$2.75~~ **\$3.25** psf on a Full Service Gross basis (FSG) basis or equivalent. Fair market rent for office space shall be defined as the rental income a property would likely command in the open market; indicated by the current rents paid for comparable space in the Long Beach office market. In negotiating the fair market rent, it is recognized that factors such as the term length, term renewals, rent abatement and tenant improvement allowances can impact the rental rate. Recognizing market conditions might fluctuate, if the fair market rent decreases by twenty percent (20%) or more, then the Leasing Guidelines will be revised and brought back for consideration.
- Contain fixed annual escalators ranging with a minimum of two percent (2%).

LEASE TERM LENGTH

All leases will be for a minimum of five (5) years, with a preferred minimum of ten (10) years. Renewal options will be for a minimum of five (5) years, with no more than two such options allowed.

In the event that a short-term lease of twelve (12) months or less would be advantageous, an exception to minimum lease term set forth above could be made for short-term rentals. An example of an acceptable type of use for a short-term lease would be a production company utilizing a portion of the building for filming. A short-form lease would be used in this instance.

RENT ABATEMENT

The lease may include Rent Abatement, which provides the tenant with free rent for the agreed upon time, in a maximum amount of one (1) month for each year of the initial lease term.

TENANT IMPROVEMENT ALLOWANCES

The Lease, if warranted based on other terms such as the lease rate, may include tenant improvement allowances. Tenant improvement allowances shall range from a minimum of \$10.00 psf to a maximum of ~~\$60.00~~ \$100.00 psf, depending on the type of use, the financial strength of the tenant, and the length of the lease.

It is not uncommon for a Tenant to receive an allowance of \$.15 psf to conduct space-planning services during the early stages of lease proposal negotiations.

EXCLUSIVES

As a part of a negotiated lease, tenants may be granted the exclusive ability to sell certain goods or provide certain services within the building, provided no restriction would be imposed on any existing tenant.

TAXES

Subject to language set forth in the Lease and Base Year, Tenant shall be responsible for all real property taxes, possessory interest taxes and/or assessments on the Property (collectively, "Taxes") including any fees that are in lieu of Taxes.

As required by Section 107.6 of the Revenue and Taxation Code, in the event possessory interest taxes are assessed, Tenant shall be solely responsible for the payment of all Tenant's possessory interest taxes, if any, during the term of the Lease.

Pursuant to Section 107.6 of the California Revenue and Taxation Code, Tenant is hereby notified that: (i) the Leased Space is subject to possessory interest taxes, and that such taxes shall be paid by Tenant; and (ii) Tenant may be subject to the payment of property taxes levied on the possessory interest obtained by Tenant.

The parties acknowledge that during the term of this Lease, Tenant shall be solely responsible for any and all possessory interest taxes and related charges and expenses (collectively, "Possessory Interest Taxes") imposed with respect to the Premises, and shall indemnify, defend and hold harmless Landlord against all possessory interest taxes.

This statement is intended to comply with Section 107.6 of the Revenue and Taxation Code.

HEALTH PANDEMIC

Health Pandemic Related Responsibilities. Tenant and each of their respective employees, agents and representatives shall respond to all potential Health Pandemic viruses, which includes, but is not limited to, COVID-19, exposure events immediately.

If a possible infection from or potential exposure to a Health Pandemic Virus occurs involving Tenant, its subcontractors of Tenant and each of their respective employees, agents, and representatives while on the Premises pursuant to the terms of this Lease, Tenant shall immediately notify Landlord.

While the confidentiality of all medical conditions must be maintained in accordance with applicable law, Landlord reserves the right to inform any Landlord staff, employees, students, and/or visitors that an unnamed individual has been diagnosed with Health Pandemic Virus if any of Landlord's staff, employees, students, or visitors might have been exposed to the disease so such individual(s) may take measures to protect their own health.