

AGENDA ITEM 2 A
Action Item

MEMORANDUM

DATE: April 2, 2020

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: Adopt Fiscal Year 2020/21 Preliminary Operating Budget

REQUESTED ACTION:
BY MOTION,

- 1. Adopt Resolution No. 20-12 Approving the Fiscal Year 2020/21 Preliminary Operating Budget including Revisions**

BACKGROUND

The Bylaws of the El Dorado County Transit Authority (El Dorado Transit) require the Executive Director to submit preliminary operating and capital budgets on or before the March meeting of each year and Board adoption of the preliminary budgets by April 15th of each year. Final operating and capital budgets are to be proposed to the Board on or before June 15 of each year with final adoption required by July 15th.

On March 5, 2020 the fiscal year (FY) 2020/21 Preliminary Operating Budget was presented for full Board review. At that time, the Board authorized the formation of an Ad Hoc Budget Review Committee (Committee) with the Chair and Vice Chair to engage in a more detailed review of both the proposed operating and capital budgets.

On March 19, 2020, Board Chair John Hidahl, Vice-Chair Kara Taylor, Executive Director Matthew Mauk and Finance Manager Julie Petersen met for approximately two hours to review the budgets. With the understanding that the recent economic developments related to the COVID-19 pandemic will likely begin to affect traditional operating revenue streams within the next two to three months, the Committee agreed to take a status quo approach to the preliminary budget discussions until more information becomes available.

DISCUSSION

At the Committee meeting, existing budget conditions and revenue assumptions were outlined with a focus on the Transportation Development Act (TDA) funds which make up approximately 72% of the operating revenues. TDA includes two sources of funding for both operating and capital projects, Local Transportation Funds (LTF) and State Transit Assistance Funds (STA). These funds are derived from retail and diesel fuel sales tax measures and do fluctuate with the State and local economy. Consistent with statutory controls, past practice has been to reallocate

STA funds to capital budgets in the mid-year budget process, if needed. Staff will be closely monitoring both the TDA funding streams over the coming months and will recommend necessary adjustments to the final Operating Budget, anticipated for presentation at the regular June 2020 Board meeting.

The remaining revenue accounts are primarily made up of passenger fares and Federal, State and local project specific operating grants. Federal grant funding amounts are generally formulaic allocations and are restricted to support certain types of service (i.e. rural or urban).

Expenditure line items were discussed in extensive detail by the Committee. Payroll line items are conservatively estimated based on all allocated positions being filled and account for known salary adjustments. In relation, most benefit account expenses are based on a percentage of payroll. Health insurance premium contributions change on a calendar year basis and budget projections are adjusted mid-fiscal year accordingly. The committee had no recommendations to changing this practice.

Service and supply accounts include insurance premiums, maintenance expenses, fuel, professional services and project specific expenses. Budget assumptions in these accounts are generally based on contract terms, published rates or past experience with an annual escalator of 3% to 10% depending on the classification and price volatility of certain commodities.

Committee Recommendations

Based on the discussions, the Committee generally supported staff's current practices and methodology in preparing and presenting the annual Operating Budget. Minor recommended changes to the budget are represented in bold and include renaming fund sources for clarification, the addition of \$32,000 in recently approved AB2766 Grant funds for the Fair Shuttle, reduction of deferred STA directly related to a redistribution of contingency. Per Committee consensus, the separate Service and Supply Accounts, Contingency line item was reduced from 10% to 3% to more accurately reflect the balancing of contingency across individual expense categories and capital budgets. Unlike municipalities, El Dorado Transit does not draw from a "general fund" and per the TDA, transit agencies are not allowed to hold surplus operating revenue for future years.

Staff is requesting adoption of the Preliminary FY 2020/21 Preliminary Operating Budget as proposed. Staff will be prepared to discuss the Budget and changing financial conditions related to the COVID-19 public health emergency at the meeting.

FISCAL IMPACT

The Preliminary FY 2020/21 Operating Budget as presented is a balanced budget based on the current level of published services and known budget conditions.

**EL DORADO COUNTY TRANSIT AUTHORITY
RESOLUTION NO. 20-12**

**RESOLUTION OF THE EI DORADO COUNTY TRANSIT AUTHORITY
ADOPTING THE PRELIMINARY OPERATING
BUDGET FOR FISCAL YEAR 2020/21**

WHEREAS, Section 11.1 of the Joint Powers Agreement (JPA) establishing the El Dorado County Transit Authority states, *“For each fiscal year, the Board shall adopt capital and operating budgets which are consistent with the requirements of the Regional Transportation Planning Agency, the California Transportation Development Act, the Federal Highway Act of 1973, and the Federal Transit Administration Act as amended from time to time, and all other funding and regulatory agencies involved in the execution of the purpose of EDCTA.”*; and

WHEREAS, Section 7.1 Preliminary Budgets of the Bylaws states, *“The Executive Director shall propose a preliminary operating budget and a preliminary capital budget to the Board on or before the March meeting of each year.”*; and

WHEREAS, the El Dorado County Transit Authority prepared the preliminary operating budget for Fiscal Year (FY) 2020/21 incorporated as an attachment to this resolution; and

WHEREAS, the preliminary operating budget for FY 2020/21 ending June 30, 2021 is based upon continuation of current public transportation services provided by the El Dorado County Transit Authority; and

WHEREAS, the preliminary FY 2020/21 operating budget projected revenue is based on known levels of anticipated funding;

NOW THEREFORE, BE IT RESOLVED, the El Dorado County Transit Authority hereby adopts the preliminary operating budget for FY 2020/21 ending June 30, 2021.

PASSED AND ADOPTED BY THE GOVERNING BOARD OF THE EL DORADO COUNTY TRANSIT AUTHORITY at a regular meeting of said Board held on the 2nd day of April 2020 by the following vote:

AYES: NOES: ABSTAIN: ABSENT:

John Hidahl, Chairperson

ATTEST:

Megan Wilcher, Secretary to the Board

**EL DORADO COUNTY TRANSIT AUTHORITY
PROPOSED PRELIMINARY OPERATING BUDGET 2020/2021**

OPERATING BUDGET		FY 2020/2021 Preliminary	FY 2020/2021 Preliminary	Difference
REVENUE ACCOUNTS		Proposed 03/05/2020	Proposed 04/02/2020	
4000.00	Transportation Development Act (TDA/LTF)	\$5,430,343	\$5,430,343	\$0
4270.00	State Transit Assistance (TDA/STA)	\$1,585,839	\$1,585,839	\$0
4270.00	State Transit Assistance (TDA/STA) Deferred	\$823,023	\$101,818	-\$721,205
4270.01	State Transit Assistance (TDA/STA)/State of Good Repair (SGR)	\$253,381	\$253,381	\$0
4970.00	Interest Income	\$58,000	\$58,000	\$0
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$538,231	\$538,231	\$0
4300.00	Cash Fares	\$175,000	\$175,000	\$0
4310.00	Contract Services	\$462,000	\$462,000	\$0
4320.00	Charter Services	\$5,000	\$5,000	\$0
4330.00	Commuter Route Fare Media	\$786,000	\$786,000	\$0
4350.00	Local Route Fare Media	\$76,000	\$76,000	\$0
4360.00	Paper Scrip	\$28,000	\$28,000	\$0
4400.00	Advertising Revenue	\$16,000	\$16,000	\$0
4990.00	Misc. Revenue	\$1,000	\$1,000	\$0
4107.03	Fair Shuttle AB2766 Grant	Pending	\$32,000	\$32,000
4109.04	Low Carbon Transit Operations Program (LCTOP) Grant	\$334,181	\$334,181	\$0
4112.00	FTA Section 5307 Grant Income - Preventative Maintenance (PM)	\$250,000	\$250,000	\$0
5060.00	Offset Reserve Fund - CalTIP (restricted)	\$8,374	\$8,374	\$0
TOTAL REVENUES		\$10,830,372	\$10,141,167	-\$689,205
SALARY & BENEFIT ACCOUNTS				
5010.00	Regular Employees	\$4,057,043	\$4,057,043	\$0
5010.02	Temporary Employees	\$100,000	\$100,000	\$0
5010.07	Overtime	\$100,000	\$100,000	\$0
5010.08	On Call Pay	\$7,000	\$7,000	\$0
5010.09	CRDI and Shift Pay	\$20,000	\$20,000	\$0
5020.01	Employee Retirement	\$680,000	\$680,000	\$0
5070.01	(OASDI - Payroll Tax) FICA	\$7,000	\$7,000	\$0
5070.02	MEDICARE - Payroll Tax	\$56,000	\$56,000	\$0
5020.02	Health Insurance	\$1,722,000	\$1,722,000	\$0
5020.03	Unemployment Insurance	\$10,000	\$10,000	\$0
5020.04	LT Disability/Life Ins	\$39,000	\$39,000	\$0
5020.05	Worker's Comp	\$354,000	\$354,000	\$0
TOTAL SALARY & BENEFITS		\$7,152,043	\$7,152,043	\$0
SERVICE & SUPPLY ACCOUNTS				
5090.02	Clothing & Supplies	\$3,600	\$3,600	\$0
5090.05	Uniforms - Other	\$16,000	\$16,000	\$0
5050.01	Communications - Phone	\$32,000	\$32,000	\$0
5090.20	Communications - Radio	\$1,000	\$1,000	\$0
5090.01	Household Expenses	\$15,750	\$15,750	\$0
5060.01	Insurance Premiums/Public Liability	\$588,000	\$588,000	\$0
5060.02	Insurance Premiums/Physical Damage	\$25,000	\$25,000	\$0
5060.03	Insurance Premiums/Commercial	\$14,000	\$14,000	\$0
5060.04	Insurance Premium EPLI Package	\$18,000	\$18,000	\$0
5090.06	Service Contracts/Equipment	\$170,000	\$170,000	\$0
5160.07	Park and Ride Maintenance	\$13,000	\$13,000	\$0
5160.01	Maintenance/Buildings	\$6,200	\$6,200	\$0
5160.03	Maintenance/Equipment	\$3,000	\$3,000	\$0
5160.05	Maintenance/Grounds	\$5,500	\$5,500	\$0
5160.09	Maintenance/Bus Stop	\$2,000	\$2,000	\$0
5160.00	Maintenance/Other	\$2,500	\$2,500	\$0
5040.00	Vehicle Maintenance (In-House)	\$380,000	\$380,000	\$0
5040.02	Vehicle Maintenance/Tires & Tubes	\$100,000	\$100,000	\$0
5040.03	Vehicle Maintenance/Lubricants	\$31,000	\$31,000	\$0
5040.04	Vehicle Maintenance/Small Tools - Shop	\$4,300	\$4,300	\$0
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$43,000	\$43,000	\$0
5090.50	Safety Equipment/Training	\$10,000	\$10,000	\$0
5090.40	Memberships	\$4,000	\$4,000	\$0
5090.70	Office Expense	\$15,000	\$15,000	\$0
5090.80	Postage	\$4,000	\$4,000	\$0
5090.00	Operating Expense - Other	\$1,500	\$1,500	\$0
5030.00	Professional Services	\$270,000	\$270,000	\$0
5030.10	Employee Medical Exams	\$9,000	\$9,000	\$0
5030.30	Background Checks	\$2,000	\$2,000	\$0
5090.08	Pubs/Legal Notices	\$2,000	\$2,000	\$0
5090.75	Printing	\$15,000	\$15,000	\$0
5120.02	Rents/Leases - Equipment	\$21,000	\$21,000	\$0
5120.03	Rents/Leases Park and Rides	\$9,000	\$9,000	\$0
5140.01	Equipment Purchase - Data Processing	\$1,000	\$1,000	\$0
5140.05	Equipment Purchase - Office	\$2,000	\$2,000	\$0
5150.00	Special Department Expense	\$1,500	\$1,500	\$0
5150.01	Marketing	\$10,000	\$10,000	\$0
5090.30	Staff Development/Travel	\$25,000	\$25,000	\$0
5040.01	Fuel Purchase	\$700,000	\$700,000	\$0
5090.72	Bank Charges	\$400	\$400	\$0
5090.73	Credit Card Charge Fees	\$3,500	\$3,500	\$0
5090.74	Connect Card Administration Expenses	\$40,000	\$40,000	\$0
5050.02	Utilities	\$54,000	\$54,000	\$0
5050.03	Utilities/ Park & Rides	\$20,000	\$20,000	\$0
4108.03	Fair Shuttle AB2766 Grant	Pending	Pending	\$0
6270.00	Contingency	\$984,579	\$295,374	-\$689,205
TOTAL SERVICES AND SUPPLIES		\$3,678,329	\$2,989,124	-\$689,205
TOTAL OPERATING EXPENSES		\$10,830,372	\$10,141,167	-\$689,205