

AGENDA ITEM 2 A  
Action Item

**MEMORANDUM**

**DATE:** March 4, 2021

**TO:** El Dorado County Transit Authority

**FROM:** Julie Petersen, Finance Manager

**SUBJECT:** Fiscal Year 2021/22 Preliminary Operating and Capital Budgets

**REQUESTED ACTION:**  
**BY MOTION,**

1. Receive and File the proposed Fiscal Year 2021/22 Preliminary Operating and Capital Budgets
2. Form an Ad Hoc Committee to review the proposed Fiscal Year 2021/22 Operating and Capital Budgets
3. Appoint the Chair and Vice-Chair to the Ad Hoc Budget Review Committee

**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 15<sup>th</sup> of each year. Final operating and capital budgets are to be proposed to the Board on or before June 15<sup>th</sup> of each year with final adoption required by July 15<sup>th</sup>.

**DISCUSSION**

El Dorado Transit is required to operate within a balanced budget. The Fiscal Year (FY) 2021/22 Preliminary Operating Budget presented is based on maintaining the current service levels with the potential for restoration and/or expansion of services by up to fifteen percent (15%) above current levels by the end of the fiscal period.

The El Dorado Transit management team reports that Transportation Development Act (TDA) funding is stable as projected by the State Controllers' Office (SCO) and the El Dorado County Auditors' office. This funding is based on sales tax revenue generated within the County of El Dorado and allocated through the El Dorado County Transportation Commission (EDCTC) for the provision of public transit services on the western slope.

## ***PRELIMINARY FISCAL YEAR 2020/21 OPERATING BUDGET***

The Fiscal Year (FY) 2021/22 Preliminary Operating Budget assumes full employment of the current allocated regular full-time and part-time positions including management, administrative staff, operations, and maintenance. The agency currently employs seven (7) Full-time Transit Operators and twenty (20) Part-time Transit Operators. In addition to regular staff, El Dorado Transit employs temporary (i.e., Extra-Help) Transit Operators, Dispatchers, and support staff. The final operating budget and allocation plan may include additional staffing adjustments based on operational need.

The preliminary operating budget report presented includes a comparison of the current fiscal year adjusted mid-year budget utilizing the following factors:

- Projected expenses using an analysis of the first six (6) months of current fiscal year's actual expenses and liabilities.
- Preliminary budget assumes current level of service with some restoration and/or expansion of services over the course of the fiscal period.
- Costs for insurance premiums are not available in March. Renewals go into effect on May 1, July 1, and January 1.

### **Revenue Accounts**

#### *Transportation Development Act (TDA)*

- Following the apportionment and allocation of TDA funds by the El Dorado County Transportation Commission (EDCTC), the projected amount available to transit for operations is \$5,566,463. This amount is an increase from the prior years' allocation in the amount of \$1,309,008 due in part to an LTF fund balance from the prior fiscal year as projected by the El Dorado County Auditors office.

#### *State Transit Assistance (STA)*

- STA funds for FY 2021/22 are allocated by the State Controllers' Office. This number is subject to change because the program does not rely on a budget-line item at the State but rather on sales tax receipts associated with the consumption of diesel fuel. The budget strategy at El Dorado Transit is to use these funds for capital planning due to the variability of the funding. Typically, El Dorado Transit includes STA in the preliminary operating budget then with Board approval, transfers these funds to the Capital Budget at the mid-year point.
- STA/State of Good Repair (SGR) is funding under Senate Bill 1 (SB 1).

#### *Federal Transit Administration (FTA) Section 5311 Grant*

The FTA Section 5311 program provides funding, through the California Department of Transportation (Caltrans), for public transportation projects in non-urbanized areas. There are two (2) types of programming in Section 5311; 1) County/Regional apportionment by formula and 2) Competitive Discretionary for Intercity connection projects. Historically, El Dorado Transit receives funds under the formula program for operating assistance or capital projects.

This years' allocation has not been received so a placeholder of last years' amount has been provided.

#### *Contract Services*

Contract Services revenue is based on an agreement with ALTA Regional California (ALTA) to transport ALTA clients to Motherlode Rehabilitation Enterprises, Inc. (M.O.R.E.). El Dorado Transit currently receives approximately 70% of the cost of this service from ALTA. The current agreement with ALTA is up for renewal at the end of the current fiscal year and M.O.R.E. is providing reduced services due to the pandemic. Preliminary revenue projections assume the current level of demand and extension of the ALTA contract under the current terms.

#### *Passenger Fares*

This includes the following line items: Cash Fares, Contract Services, Charter Services, Commuter Route Fare Media, Local Route fare Media and Paper Scrip. Estimates based on first six (6) month actual receipts. Management is predicting a slight increase to this revenue.

#### *Advertising Revenue*

El Dorado Transit has a third-party contract for bus shelter advertising.

#### *Fair Shuttle AB2766 Grant*

El Dorado Transit anticipates submitting a grant application to the El Dorado County Air Quality Management District (EDCAQMD) for shuttle service to the 2022 County Fair.

#### *Low Carbon Transit Operations Program (LCTOP) Grant*

These funds are allocated by the State Controllers' Office to provide operating and capital assistance for transit agencies to reduce greenhouse emissions. These grant funds are planned to subsidize additional service and continuation of a discount fare program.

#### *Offset Reserve Fund – CalTIP (restricted)*

These funds are held by El Dorado Transit's liability and vehicle physical damage insurance pool. Each year revised amounts are provided to pool members in April or May. If available, these funds can be used to offset the current year's premiums or held for future premiums.

### **Salary and Benefits Accounts**

#### *Regular Employees and Overtime*

The regular employee and overtime line items include funding for eligible merit step increases and longevity.

#### *Temporary Employees*

The preliminary budget includes \$100,000 for Extra-Help employees to provide relief driving and fill-in Transit Dispatch assignments on an intermittent basis. These employees fill in when regular Operators and Dispatchers are off work.

### *Employee Retirement*

Employee Retirement is based on a CalPERS formula. El Dorado Transit has a “Classic” and a “PEPRA” plan for regular employees. The employer contribution is approximately \$340,890 or an 11.6 % of base wages (based on actuarial reports); the employee contribution is \$205,709. The Employer portion of the Unfunded Liability is \$303,625 and will be paid as a lump sum in July 2021.

### *Health Insurance*

- The Health Insurance line item includes the El Dorado Transit contribution towards health, vision, and dental coverage for enrolled employees. Plan coverage is calendar year; therefore, premium increases will occur in January 2022.
- The Human Resources Department administers agreements and/or insurance policies for services and insurance coverage’s that automatically renew each year. The following are perpetual contracts and agreements for employee insurance coverage and benefits:
- Health Insurances
  - **Regular Full/Part-Time Unrepresented Employees**
    - ❖ CalPERS Health Plan with OptumRX Pharmaceutical
    - ❖ Delta Dental
    - ❖ Vision Service Plan (VSP)
  - **Regular Full/Part-Time Represented Transit Drivers**
    - ❖ Operating Engineers Plan – Health, Pharmaceutical, Dental, Vision  
or
    - ❖ El Dorado County Plan – Health, Pharmaceutical, Dental, Vision
- Sun Life Financial - Long Term Disability  
Coverage provides wage loss protection for regular full/part-time employees in the event of prolonged disability.
- Sun Life Financial – Life Insurance  
\$10,000 policy coverage for regular full-time represented transit operators  
\$20,000 policy coverage for regular full-time unrepresented employees
- Paychex  
Flexible Benefits Plan (Cafeteria Plan) allows regular full/part-time employees to pay the employee portion of premiums and certain benefits offered under the plan with pre-tax dollars.

### *Workers Compensation*

Workers Compensation premiums are a percentage of payroll (regular hours). Management and staff are completing the necessary steps to take advantage of credit incentives that could reduce premiums by up to 15%.

### **Service and Supply Accounts**

Service and supply account budgets are based on the first six (6) months actual expenses plus a projection for the upcoming fiscal year needs. Minor adjustments have been made to several accounts with the largest changes addressed below:

*Insurance Premiums/Public Liability*

For the preliminary budget, assumptions are made based on a combination of experience levels and prior year performance. A budget increase of five percent (5%) has been projected.

*Service Contracts/Equipment*

This account includes support and service contracts for telephone, computer support, maintenance software and facility alarm systems. Staff anticipates an increase of these costs for FY 2021/22.

*Vehicle Maintenance/Tires & Tubes*

This account includes tires and supplies for all fleet vehicles. Staff is anticipating an increase of costs for this account.

*Professional Services*

This line item includes costs associated with professional services such as legal counsel, outside CPA consulting, project management, engineering and planning studies.

*Fuel Purchase*

Fuel budget assumptions are calculated based on prior fuel expenditures, planned service mileage and recent market volatility. Staff anticipates an increase of these costs for FY 2021/22 based on cost fluctuation and projected service increases.

*Contingency*

Contingency is projected at \$322,756 representing 3.9% of the overall budget. This line item may be adjusted based on AD HOC committee review.

***PRELIMINARY FISCAL YEAR 2020/21 CAPITAL BUDGET***

The FY 2021/22 Preliminary Capital Improvement Plan (CIP) Budget recommends capital projects and identifies funding sources. Projects may carry over multiple fiscal years and include but are not limited to facility improvements, equipment purchases and replacement, vehicle purchases and replacements, software and hardware upgrades and replacements, safety and security systems and bus stop/park and ride improvements. New fiscal year projects proposed in the CIP are numbered as 22-XX (e.g., 22-01; 22-02, etc.).

In addition to ongoing projects, staff is recommending the following for inclusion in the FY 2021/22 CIP:

- 22-01 Administration / Maintenance Facility Equipment
- 22-02 Cambridge Road and EDH Park & Ride Lot Resurfacing

## **SUMMARY**

Management's opinion is that the financial position of El Dorado Transit is stable. The proposed preliminary budget for fiscal year 2021/22 reflects a \$8,477,906 in total operating expenditures balanced to projected available Federal, State and project specific revenues.

Staff is requesting that the Board receive and file the proposed Fiscal Year 2021/22 Preliminary Operating and Capital Budgets, as presented, and appoint the Chair and Vice-Chair to form an Ad Hoc Committee to review the proposed budgets. Following at least one meeting and direction from the Budget Review Committee, staff anticipates submission of the Fiscal Year 2021/22 Preliminary Operating and Capital Budgets for Board adoption at the regular April 1, 2021 meeting.

EL DORADO COUNTY TRANSIT AUTHORITY  
PROPOSED PRELIMINARY OPERATING BUDGET 2021/2022

OPERATING BUDGET		FY 2020/2021	FY 2021/2022	Difference
		Mid-Year	Preliminary	
		Adopted 02/04/2021	Proposed 03/04/2021	
REVENUE ACCOUNTS				
4000.00	Transportation Development Act (TDA/LTF)	\$4,257,455	\$5,566,463	\$1,309,008
4000.00	Transportation Development Act (TDA/LTF) Deferred FY 2019/20	\$1,337,803	\$0	-\$1,337,803
4270.00	State Transit Assistance (TDA/STA)	\$0	\$1,278,616	\$1,278,616
4270.01	State Transit Assistance (TDA/STA)/State of Good Repair (SGR)	\$273,902	\$273,467	-\$435
4970.00	Interest Income	\$10,000	\$10,000	\$0
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$538,231	\$538,231	\$0
4100.00	Federal Transit Administration (FTA) CARES Act Section 5311 Grant	\$1,081,553	\$0	-\$1,081,553
4300.00	Cash Fares	\$75,000	\$77,000	\$2,000
4310.00	Contract Services	\$24,000	\$24,720	\$720
4320.00	Charter Services	\$0	\$0	\$0
4330.00	Commuter Route Fare Media	\$60,000	\$61,800	\$1,800
4350.00	Local Route Fare Media	\$25,000	\$25,750	\$750
4360.00	Paper Scrip	\$7,000	\$7,210	\$210
4400.00	Advertising Revenue	\$0	\$5,000	\$5,000
4990.00	Misc. Revenue	\$0	\$400	\$400
4107.03	Fair Shuttle AB2766 Grant	\$32,000	\$0	-\$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)	\$25,068	\$25,068	\$0
TOTAL REVENUES		\$8,331,193	\$8,477,906	\$146,713
SALARY & BENEFIT ACCOUNTS				
5010.00	Regular Employees	\$2,969,000	\$3,200,000	\$231,000
5010.02	Temporary Employees	\$80,000	\$100,000	\$20,000
5010.07	Overtime	\$50,000	\$50,000	\$0
5010.08	On Call Pay	\$7,000	\$7,000	\$0
5010.09	CRDI and Shift Pay	\$15,000	\$20,000	\$5,000
5020.01	Employee Retirement	\$540,000	\$600,000	\$60,000
5070.01	(OASDI - Payroll Tax) FICA	\$3,800	\$4,000	\$200
5070.02	MEDICARE - Payroll Tax	\$44,000	\$50,000	\$6,000
5020.02	Health Insurance	\$980,000	\$1,078,000	\$98,000
5020.03	Unemployment Insurance	\$175,000	\$100,000	-\$75,000
5020.04	LT Disability/Life Ins	\$29,000	\$32,000	\$3,000
5020.05	Worker's Comp	\$388,493	\$420,000	\$31,507
TOTAL SALARY & BENEFITS		\$5,281,293	\$5,661,000	\$379,707
SERVICE & SUPPLY ACCOUNTS				
5090.02	Clothing & Supplies	\$3,240	\$3,500	\$260
5090.05	Uniforms - Other	\$10,000	\$12,000	\$2,000
5050.01	Communications - Phone	\$32,000	\$35,000	\$3,000
5090.20	Communications - Radio	\$900	\$1,000	\$100
5090.01	Household Expenses	\$16,000	\$16,500	\$500
5060.01	Insurance Premiums/Public Liability	\$620,000	\$651,000	\$31,000
5060.02	Insurance Premiums/Physical Damage	\$25,000	\$26,250	\$1,250
5060.03	Insurance Premiums/Commercial	\$14,000	\$14,700	\$700
5060.04	Insurance Premium EPLI Package	\$20,000	\$21,000	\$1,000
5090.06	Service Contracts/Equipment	\$170,000	\$190,000	\$20,000
5160.07	Park and Ride Maintenance	\$13,000	\$14,000	\$1,000
5160.01	Maintenance/Buildings	\$6,200	\$7,500	\$1,300
5160.03	Maintenance/Equipment	\$3,000	\$4,000	\$1,000
5160.05	Maintenance/Grounds	\$5,500	\$6,500	\$1,000
5160.09	Maintenance/Bus Stop	\$2,000	\$3,000	\$1,000
5160.00	Maintenance/Other	\$2,500	\$2,500	\$0
5040.00	Vehicle Maintenance (In-House)	\$342,000	\$376,000	\$34,000
5040.02	Vehicle Maintenance/Tires & Tubes	\$90,000	\$99,000	\$9,000
5040.03	Vehicle Maintenance/Lubricants	\$27,900	\$29,700	\$1,800
5040.04	Vehicle Maintenance/Small Tools - Shop	\$3,870	\$5,000	\$1,130
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$20,000	\$23,000	\$3,000
5090.50	Safety Equipment/Training	\$125,000	\$125,000	\$0
5090.40	Memberships	\$5,400	\$5,800	\$400
5090.70	Office Expense	\$13,500	\$15,000	\$1,500
5090.80	Postage	\$3,600	\$4,000	\$400
5090.00	Operating Expense - Other	\$1,350	\$2,000	\$650
5030.00	Professional Services	\$250,000	\$250,000	\$0
5030.10	Employee Medical Exams	\$8,100	\$8,500	\$400
5030.30	Background Checks	\$1,800	\$2,000	\$200
5090.08	Pubs/Legal Notices	\$2,000	\$2,500	\$500
5090.75	Printing	\$13,500	\$14,000	\$500
5120.02	Rents/Leases - Equipment	\$21,000	\$23,000	\$2,000
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	\$1,800	\$1,800	\$0
5150.00	Special Department Expense	\$1,500	\$1,500	\$0
5150.01	Marketing	\$9,000	\$12,000	\$3,000
5090.30	Staff Development/Travel	\$15,000	\$15,000	\$0
5040.01	Fuel Purchase	\$300,000	\$345,000	\$45,000
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	\$34,000	-\$6,000
5050.02	Utilities	\$54,000	\$56,000	\$2,000
5050.03	Utilities/ Park & Rides	\$20,000	\$22,000	\$2,000
4108.03	Fair Shuttle AB2766 Grant	\$38,000	\$0	-\$38,000
6270.00	Contingency	\$684,340	\$322,756	-\$361,584
TOTAL SERVICES AND SUPPLIES		\$3,049,900	\$2,816,906	-\$232,994
TOTAL OPERATING EXPENSES		\$8,331,193	\$8,477,906	\$146,713

# El Dorado County Transit Authority

## Preliminary Capital Improvement Plan Budget FY 2021/22

Status	CIP Project Number	Project Description	Budget	Deferred STA* \$1,845,858	FTA Section 5307 \$80,503	FTA Section 5310 \$56,000
ACTIVE	14-03	Metal Fabrication Tools	\$11,942	\$11,942		
ACTIVE	15-08	Park-and-Ride Parking Lot Maintenance	\$250,000	\$250,000		
ACTIVE	17-05	Maintenance Facility - Safety and Equipment	\$52,000	\$52,000		
ACTIVE	18-02	Bus Shelter Amenities	\$165,000	\$15,000		
ACTIVE	19-01	IT Upgrade and Replacement 5 Year Plan	\$140,635	\$15,000		
ACTIVE	19-03	Administration Building Safety Improvements	\$24,150	\$24,150		
ACTIVE	20-01	Facility Surveillance Upgrade	\$16,500	\$16,500		
ACTIVE	20-02	Automatic Bus Washer Retrofit	\$110,000	\$29,497	\$80,503	
ACTIVE	20-04	Maintenance Facility Swamp Cooler and Steam Cleaner Modifications	\$151,335	\$151,335		
ACTIVE	20-06	Vehicle Replacement - Demand Response - Transit Van	\$86,900	\$30,900		\$56,000
ACTIVE	21-01	On-Board Camera System Power Supply Upgrades	\$31,441	\$31,441		
ACTIVE	21-02	Vehicle Replacement - Maintenance Truck	\$31,095	\$31,095		
PROPOSED	22-01	Administration / Maintenance Facility Equipment	\$40,000	\$40,000		
PROPOSED	22-02	Cambridge Road and EDH Park & Ride Lot Resurfacing	\$250,000	\$250,000		
<b>Project Totals</b>			<b>\$1,360,998</b>	<b>\$948,860</b>	<b>\$80,503</b>	<b>\$56,000</b>
<b>Remaining Funds Available</b>				<b>\$896,998</b>	<b>\$0</b>	<b>\$0</b>

\*Balance Per FY 2019/20 Audited Financials

\*\* Project Not Funded