

AGENDA ITEM 2 A
Action Item

MEMORANDUM

DATE: March 2, 2023

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: Fiscal Year 2023/24 Preliminary Operating Budget

REQUESTED ACTION:

BY MOTION,

**Receive and File the proposed Fiscal Year 2023/24 Preliminary
Operating Budget**

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 budgets are to be proposed to the Board on or before June 15th of each year with final adoption required by July 15th.

DISCUSSION

El Dorado Transit is required to operate within a balanced budget. The Fiscal Year (FY) 2023/24 Preliminary Operating Budget as presented is balanced to anticipated operating revenues and provides for the potential restoration and/or expansion of transit services.

The El Dorado Transit management team anticipates that Transportation Development Act (TDA) funding will remain stable as projected by the State Controller's Office (SCO) and the El Dorado County Auditor's 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 2023/24 OPERATING BUDGET

The Fiscal Year (FY) 2023/24 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 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 the 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 draft apportionment of TDA funds by the El Dorado County Transportation Commission (EDCTC), the projected amount available to transit for operations is \$7,293,579. This amount is an increase from the prior years' allocation in the amount of \$1,263,218.

State of Good Repair (SGR)

Funding under Senate Bill 1 (SB 1) is allocated by the State Controller's Office. Estimates for FY 2023/24 were posted on February 9, 2023, of \$297,741, an increase of \$12,444 over prior years' revised allocation.

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.

Federal Transit Administration (FTA) Section 5311 ARPA Grant

Allocation of American Rescue Plan Act (APRA) to aid public health and economic recovery from the COVID-19 pandemic administered through the Caltrans FTA Section 5311 program.

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 Transits' current agreement with ALTA has expired. Management is working closely with ALTA staff for contract resolution.

Passenger Fares

This includes the following line items: Cash Fares, Contract Service revenues, Commuter Route Fare Media, Local Route fare Media, and Paper Scrip sales. Estimates are based on the most recent six (6) month actual receipts. Management is predicting an increase in this revenue.

Advertising Revenue

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

Fair Shuttle AB2766 Grant

El Dorado Transit will submit a grant application to the El Dorado County Air Quality Management District (EDCAQMD) for shuttle service to the 2024 and 2025 County Fairs.

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 Zero Emissions Bus (ZEB) Vehicles and Infrastructure (Capital Improvement Plan #22-03) 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 \$50,000 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 \$351,553 or a 6.63 % of base wages (based on actuarial reports); the employee contribution is estimated at \$270,639. The Employer current portion of the Unfunded Liability is \$374,260 and will be paid as a lump sum in July 2023.

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 2024.
- 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 taking 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's needs. Minor adjustments have been made to accounts with the largest changes addressed below:

Insurance Premiums/EPLI Package

The preliminary budget is based on premium estimates only.

Vehicle Maintenance/Sales Tax/Fuel & Lubricants

This account includes sales tax charged on all fuel and lubricants used to maintain the entire fleet.

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.

Contingency

Contingency is projected at \$444,953 representing 4.52% of the overall operating budget.

SUMMARY

Management's opinion is that the financial position of El Dorado Transit is stable. The proposed preliminary budget for fiscal year 2023/24 reflects \$9,844,439 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 2023/24 Preliminary Operating Budget as presented.

EL DORADO COUNTY TRANSIT AUTHORITY

PROPOSED PRELIMINARY OPERATING BUDGET 2023/2024

OPERATING BUDGET		FY 2022/2023	FY 2023/2024	
		Mid Year	Preliminary	
REVENUE ACCOUNTS		Adopted 02/01/2023	Proposed 03/02/23	Difference
4000.00	Transportation Development Act (TDA/LTF)	\$6,030,361	\$7,293,579	\$1,263,218
4270.01	State of Good Repair (SGR) Program	\$285,297	\$297,741	\$12,444
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$741,022	\$741,022	\$0
4100.05	Federal Transit Administration (FTA) Section 5311(f) Grant	\$68,750	\$68,750	\$0
4100.06	Federal Transit Administration (FTA) ARPA Act Section 5311 Grant	\$0	\$138,875	\$138,875
4970.00	Interest Income	\$76,000	\$82,000	\$6,000
4300.00	Cash Fares	\$87,000	\$97,000	\$10,000
4310.00	Contract Services	\$140,000	\$140,000	\$0
4330.00	Commuter Route Fare Media	\$308,000	\$418,000	\$110,000
4350.00	Local Route Fare Media	\$31,000	\$32,000	\$1,000
4360.00	Paper Scrip	\$7,000	\$9,000	\$2,000
4370.00	CCJPA	\$185,000	\$185,000	\$0
4400.00	Advertising Revenue	\$0	\$15,000	\$15,000
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	\$75,000	\$0	-\$75,000
4112.00	FTA Section 5307 Grant Income - Preventative Maintenance (PM)	\$31,181	\$31,181	\$0
4112.00	Federal Transit Administration (FTA) CRRSAA Act Section 5307 Grant	\$183,509	\$183,509	\$0
5060.00	Offset Reserve Fund - CalTIP (restricted)	\$111,382	\$111,382	\$0
TOTAL REVENUES		\$8,392,502	\$9,844,439	\$1,451,937
SALARY & BENEFIT ACCOUNTS				
5010.00	Regular Employees	\$2,940,530	\$3,551,705	\$611,175
5010.02	Temporary Employees	\$110,000	\$50,000	-\$60,000
5010.07	Overtime	\$90,000	\$50,000	-\$40,000
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	\$940,000	\$1,094,000	\$154,000
5070.01	(OASDI - Payroll Tax) FICA	\$5,200	\$8,400	\$3,200
5070.02	MEDICARE - Payroll Tax	\$50,000	\$54,000	\$4,000
5020.02	Health Insurance	\$1,094,000	\$1,585,000	\$491,000
5020.03	Unemployment Insurance	\$8,000	\$5,000	-\$3,000
5020.04	LT Disability/Life Ins	\$32,000	\$32,000	\$0
5020.05	Worker's Comp	\$275,000	\$290,000	\$15,000
TOTAL SALARY & BENEFITS		\$5,571,730	\$6,747,105	\$1,175,375
SERVICE & SUPPLY ACCOUNTS				
5090.02	Shop Clothing & Supplies	\$9,000	\$10,000	\$1,000
5090.05	Uniforms - Other	\$10,000	\$10,000	\$0
5050.01	Communications - Phone	\$35,000	\$35,000	\$0
5090.20	Communications - Radio	\$1,000	\$1,000	\$0
5090.01	Household Expenses	\$16,500	\$18,000	\$1,500
5060.01	Insurance Premiums/Public Liability	\$387,000	\$424,881	\$37,881
5060.02	Insurance Premiums/Physical Damage	\$27,000	\$29,500	\$2,500
5060.03	Insurance Premiums/Commercial	\$14,000	\$20,000	\$6,000
5060.04	Insurance Premium EPLI Package	\$25,000	\$25,500	\$500
5090.06	Service Contracts/Equipment	\$190,000	\$200,000	\$10,000
5160.07	Park and Ride Maintenance	\$14,000	\$15,000	\$1,000
5160.01	Maintenance/Buildings	\$17,500	\$8,000	-\$9,500
5160.03	Maintenance/Equipment	\$4,000	\$4,000	\$0
5160.05	Maintenance/Grounds	\$6,500	\$6,500	\$0
5160.09	Maintenance/Bus Stop	\$3,000	\$3,000	\$0
5160.00	Maintenance/Other	\$2,000	\$2,000	\$0
5040.00	Vehicle Maintenance (In-House)	\$376,000	\$417,000	\$41,000
5040.02	Vehicle Maintenance/Tires & Tubes	\$99,000	\$99,000	\$0
5040.03	Vehicle Maintenance/Lubricants	\$29,700	\$29,700	\$0
5040.04	Vehicle Maintenance/Small Tools - Shop	\$5,000	\$5,000	\$0
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$45,000	\$45,000	\$0
5090.50	Safety Equipment/Training	\$5,000	\$5,000	\$0
5090.40	Memberships	\$6,000	\$6,000	\$0
5090.70	Office Expense	\$15,000	\$15,000	\$0
5090.80	Postage	\$4,000	\$4,000	\$0
5090.00	Operating Expense - Other	\$2,000	\$2,000	\$0
5030.00	Professional Services	\$392,000	\$250,000	-\$142,000
5030.10	Employee Medical Exams	\$11,500	\$11,500	\$0
5030.30	Background Checks	\$3,000	\$3,000	\$0
5090.08	Pubs/Legal Notices	\$5,500	\$6,000	\$500
5090.75	Printing	\$10,000	\$10,000	\$0
5120.00	Rents/Leases	\$12,000	\$12,000	\$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	\$10,000	\$10,000	\$0
5090.30	Staff Development/Travel	\$30,000	\$30,000	\$0
5040.01	Fuel Purchase	\$750,000	\$750,000	\$0
5090.72	Bank Charges	\$1,500	\$1,500	\$0
5090.73	Credit Card Charge Fees	\$4,000	\$4,000	\$0
5090.74	Connect Card Administration Expenses	\$17,000	\$17,000	\$0
5050.02	Utilities	\$56,000	\$56,000	\$0
5050.03	Utilities/ Park & Rides	\$22,000	\$22,000	\$0
4108.03	Fair Shuttle AB2766 Grant	\$42,000	\$0	-\$42,000
5008.01	MY RIDE - Mileage Expenses	\$25,000	\$25,000	\$0
6270.00	Contingency	\$815,489	\$444,953	-\$370,536
TOTAL SERVICES AND SUPPLIES		\$3,559,489	\$3,097,334	-\$462,155
TOTAL OPERATING EXPENSES		\$9,131,219	\$9,844,439	\$713,220