

AGENDA ITEM 1 F
Consent Item

MEMORANDUM

DATE: February 1, 2024
TO: El Dorado County Transit Authority
FROM: Julie Petersen, Finance Manager
SUBJECT: Funding Recommendation for Operating Reserve Fund

REQUESTED ACTION:

BY MOTION,

**Approve funding Operating Reserve utilizing Advertising and
Miscellaneous revenue accounts for Fiscal Year 2023/24**

BACKGROUND

On August 4, 2011, the El Dorado County Transit Authority (El Dorado Transit) adopted resolution 11-26 establishing a Board-Designated Operating Reserve Policy and resolution 11-27 establishing a designated target level for funding the operating reserve fund.

On April 5, 2018, the Board adopted Resolution No. 18-16 reducing the target level of funding to \$1,000,000.00 using a blended method of \$500,000 held by the El Dorado County Transportation Commission (EDCTC) and the balance held by El Dorado Transit. EDCTC increased the funds held to \$750,000 in FY 2021/22.

On April 6, 2023, the Board approved Resolution 23-13 designating an Operating Reserve Fund target of \$250,000 for El Dorado Transit; funded annually with available non-operating income. Combined with increases made to the reserve amount now held by EDCTC of \$2,000,000, a total target of \$2,250,000 has been established. As of this agenda, the combined reserve amount held equals \$2,226,396.13.

The intent of this fund is to create a transparent, stable funding source available to offset unexpected revenue shortfalls or increased expenses. As a Joint Powers Agency (JPA) between the County of El Dorado and the City of Placerville, El Dorado Transit does not receive funding from either jurisdiction's General Funds or other departments.

DISCUSSION

During each Mid-Year Budget Adjustment process, revenue and expenses are analyzed to determine the financial health of the agency based on the first six (6) month actuals, and projections for the final six (6) months of operations.

With the requested action, staff recommend allocating revenue from account numbers 4370.00-Bike Locker Rental, 4400.00-Advertising Income, and 4990.00-Misc. Revenue to the reserve as sources of non-tax operating funds.

FISCAL IMPACT

Actual receipts for these accounts to-date total \$17,654.05. Final closing amounts will be transferred into the operating reserve interest bearing account.

	<u>Approved Budget</u>	<u>Proposed Budget Adjustment</u>
4400.00 – Advertising Revenue	\$15,000.00	\$ 0
4990.00 – Misc. Revenue	\$400.00	\$ 0

Final Budget Adjustments will be made at year-end to capture this recommendation. Actual amounts will be presented after final year-end closing.