

AGENDA ITEM 1 F
Consent Item

MEMORANDUM

DATE: February 6, 2025

TO: El Dorado County Transit Authority

FROM: Kate Hewett, Finance Manager
Julie Petersen, Finance Manager

SUBJECT: Funding Recommendation for Operating Reserve Fund

REQUESTED ACTION:
BY MOTION,

**Approve Funding Operating Reserve Utilizing the Advertising
Revenue Account for Fiscal Year 2024/25**

BACKGROUND

On August 4, 2011, the El Dorado County Transit Authority (El Dorado Transit) adopted Resolution No. 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 No. 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 \$2,246,003.23. A total of \$3,996.77 is needed to fully fund the Operating Reserve.

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 revenues from account number 4400.00- Advertising Income to the reserve as sources of non-tax operating funds. As stated previously, this action will fully fund the Operating Reserve to the \$250,000 target amount.

FISCAL IMPACT

Actual receipts for these accounts to-date total \$11,463.00. 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	\$36,000.00	\$14,500.00

Since the Operating Reserve will be fully funded, any further interest earned will be reallocated to the main checking account for use of operating expenses.