

AGENDA ITEM 2 A
Action Item

MEMORANDUM

DATE: April 26, 2017

TO: El Dorado County Transit Authority
Transit Advisory Committee

FROM: Julie Petersen, Fiscal Administration Manager

SUBJECT: Fiscal Year 2017/18 Preliminary Operating Budget and Proposed Allocation Plan and Draft Organizational Chart Fiscal Year 2017/18

REQUESTED ACTION:
BY MOTION,

1. Review Preliminary Operating Budget for Fiscal Year 2017/18
2. Review Proposed Allocation Plan and Draft Organizational Chart Fiscal Year 2017/18

BACKGROUND

The Bylaws of the El Dorado County Transit Authority (El Dorado Transit) require submission of a preliminary capital budget on or before the March meeting of each year. The Board shall adopt a preliminary operating budget by April 15 of each year. Final budgets are to be submitted to the Board on or before June 15 of each year. Final capital budget shall be adopted by the Board on or before July 15 of each year.

This agenda item was adopted by the Board at the regularly scheduled Board meeting on March 2, 2017.

The fiscal year (FY) 2017/18 preliminary budget is based on the current service level including the demonstration taxi service in the El Dorado Hills area and the elimination of the Grizzly Flat flex route. Revenue projections identified are designated for transit operations.

El Dorado Transit is required to operate within a balanced budget. The budget assumes continued employment for the seventy-five (75) regular full-time and part-time employees including the Executive Director; Operations Manager; Fiscal Administration Manager; Human Resources/Administrative Services Manager; Planning and Marketing Manager; Administrative Analyst; Safety Coordinator; Office Assistant II (2); Accounting Technician (2); Transit Dispatcher (4); Operations Supervisor (3); Senior Equipment Mechanic (1) and Equipment Mechanic I and II (4); Maintenance Technician (2); Maintenance Custodian (1); Full-time Transit Drivers (19) and Part-time Transit Drivers (29). In addition to regular staff El Dorado Transit employs temporary employees and "Extra-Help" Transit Drivers or support staff.

Under the proposed Allocation Plan and Draft Organizational Chart Fiscal Year 2017/18, staff is recommending the addition of one (1) full-time equivalent Transit Dispatcher allocation.

Staff will include a separate report to the Board recommending discontinuation of the Grizzly Flat flex route. Staff will also submit detailed information on the proposed allocation of one (1) full-time equivalent Transit Dispatcher to Final Operating Budget approval on or before the June 15th deadline

DISCUSSION

To maintain core transit services under the FY 2009/10 through 2012/13 operating budgets, El Dorado Transit cut services, increased passenger fares, maintained wages and benefits at the FY 2008/09 level, did not fill allocated positions, and instituted a stricter overall control of all aspects of the operating budget; these measures were successful.

The FY 2017/18 final budget presented by June may include additional adjustments in the Salary and Benefits categories.

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 received throughout the County of El Dorado.

PRELIMINARY FISCAL YEAR 2016/17 OPERATING BUDGET

The preliminary budget report includes a comparison of prior year adopted mid-year budget utilizing the following criteria:

- Projected expenses using an analysis of the first six (6) months of current fiscal year actual expenses and funding liabilities.
- Preliminary budget assumes current level of service with the continuation of the taxi voucher demonstration project in El Dorado Hills and the elimination of the Grizzly Flat Flex route.
- Renewals for insurance are not available in March. Renewals go into effect on July 1 and January 1.
- Contingency is typically set at ten percent (10%) of preliminary budget per board policy.

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 transit operations is \$4,159,003. This amount is an increase from the prior years'

allocation in the amount of \$377,803 due to increased sales tax earned in El Dorado County.

- TDA Deferred revenue is determined each year through an independent audit process. These are the funds claimed but not used in the prior fiscal year and are typically part of the unused monies from the El Dorado Transit Contingency line item. This is revenue added to the operating budget in each mid-year budget adjustment process.

State Transit Assistance (STA)

- STA funds for FY 2017/18 are allocated by the SCO. 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 not use these funds for operations due to the volatility 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 mid-year. This allows the greatest flexibility for use of STA funds.
- Deferred STA are funds claimed but not used in the prior fiscal year and are typically part of the unused monies from the operating budget Contingency line item. To balance the FY 2017/18 Preliminary Budget, deferred funds from prior years' allocations are used to balance the Preliminary Operating Budget.

Federal Transit Administration (FTA) Section 5311 Grant

- FTA Section 5311 provides Federal grants, made through states, 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 a rate agreement with ALTA Regional California (ALTA) to transport ALTA clients to Motherlode Rehabilitation Enterprises, Inc. (M.O.R.E.). El Dorado Transit receives approximately 97% of the cost of this service from ALTA. This agreement is scheduled for negotiation and renewal by June 30, 2019.

Passenger Fares

This includes the following line items; Farebox, Sacramento Commuter Route Passes, Bus Passes and Scrip. Estimates bases on first six (6) month actual expenses. Management is predicting a slight increase to 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) during the next call for projects.

FTA Section 5307 Grant Income – Preventative Maintenance (PM)

FTA Section 5307 are regional funds available to El Dorado Transit to fund services to the urbanized communities. This funding program is competitive with large urban areas within the Sacramento Area Council of Governments (SACOG) region and restricted to capital, preventive maintenance and in some cases Americans with Disabilities Act (ADA) related service. This year' has been allocated to the capital budget for vehicle replacement. This line item will be removed for the final budget presentation.

Low Carbon Transit Operations Program (LCTOP) Grant

These funds are allocated through Caltrans to provide operating and capital assistance for transit agencies to reduce greenhouse emissions. These funds are earmarked for the Cameron Park route.

Offset Reserve Fund – CalTIP (restricted)

These funds are dollars 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. These funds can be used to offset the current year's premiums or held for future use.

Salary and Benefits Accounts

Regular Employees and Overtime

The regular employee and overtime line items include funding for eligible merit step increases, longevity and negotiated increase for represented employees. Factors include the demonstration taxi voucher project in the El Dorado Hills area, an increase one (1) full time equivalent in dispatch and the elimination of the Grizzly Flat flex route.

Temporary Employees

The preliminary budget includes \$225,000 for Extra-Help employees to provide relief driving and fill-in Transit Dispatch assignments on an intermittent basis. These employees fill in when regular drivers and Transit Dispatchers are off work. Included in the FY 2017/18 line item are requirements from the passage of AB1522 allowing for this employee group to be eligible for three (3) days of sick leave per year.

Employee Retirement

Employee Retirement is based on a CalPERS formula. The employer contribution is approximately \$294,178 or 9.599 % of base wages (based on actuarial reports); the employee contribution is \$214,527. CalPERS revised the required payment methodology to breakout the "Employer Payment of Unfunded Liability" as a separate item. This amount of \$172,685 will be paid as a lump sum in July 2017.

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 2018.

- The Human Resources Department administers agreements and/or insurance policies for services and insurance coverage's that renew automatically 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
- Assurant - Long Term Disability
Coverage provides wage loss protection for regular full/part-time employees in the event of prolonged disability
- Assurant – Life Insurance
\$10,000 policy coverage for regular full-time represented transit drivers
\$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 addresses below.

Insurance Premiums/Public Liability

For the preliminary budget assumptions are made based on a combination experience levels and prior year performance. As a volatile market exist, a budget increase has been made.

Insurance Premiums/Physical Damage

For the preliminary budget assumptions are made based on a combination experience levels and prior year performance. El Dorado Transit has received twenty-two (22) new vehicles in the past four (4) months. Increased value will cause increased rates.

Insurance Premiums/Commercial & EPL

This line item has been increased to recognize the addition of EPL coverage as a stand alone package.

Service Contracts/Equipment

This account includes support and service contracts for telephone, computer support, and maintenance software and facility alarm contractor. Staff anticipates a reduction of these costs for FY 2017/18.

Vehicle Maintenance- In-House

With the completion of rebranding anticipated in the current year and the delivery of twenty-Two (22) replacement vehicles the cost for general maintenance is expected to decline.

Equipment Purchase - Office

All workstation areas of the administration building have been furnished. Any large purchases will be funded through the capital budget.

Contingency

Contingency is typically set at ten percent (10%) of preliminary budget per board policy.

BUDGET DISCUSSION SUMMARY

Management opinion is that the financial position of El Dorado Transit is stable. Most tax based funding sources are showing growth.

Final budget will be submitted for approval in May 2017 (or close thereafter).

**EL DORADO COUNTY TRANSIT AUTHORITY
ADOPTED PRELIMINARY BUDGET 2017/2018**

OPERATING BUDGET		FY 2016/2017 Mid-Year Adopted 02/02/2017	FY 2017/2018 Preliminary Adopted 03/02/2017
REVENUE ACCOUNTS			
4000.00	Transportation Development Act (TDA/LTF)	\$3,781,200	\$4,159,003
4000.00	Transportation Development Act (TDA/LTF) Deferred 15/16	\$913,262	\$0
4270.00	State Transit Assistance (STA)	\$710,781	\$669,697
4270.00	State Transit Assistance (STA) Deferred	\$68,883	\$1,452,989
4970.00	Interest Income	\$24,000	\$24,000
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$474,917	\$474,917
4300.00	Farebox	\$189,000	\$190,000
4310.00	Contract Services	\$485,000	\$485,000
4320.00	Farebox - Charter	\$5,000	\$5,000
4330.00	Sac Commute Route Passes	\$731,000	\$740,000
4350.00	Bus Passes	\$89,610	\$94,000
4360.00	Scrip	\$83,000	\$87,000
4400.00	Advertising Revenue	\$0	\$19,000
4990.00	Misc. Revenue	\$0	\$400
4107.03	Fair Shuttle AB2766 Grant	\$31,512	\$35,265
4112.00	FTA Section 5307 Grant Income - Preventative Maintenance (PM)	\$0	\$0
4109.04	Low Carbon Transit Operations Program (LCTOP) Grant CP	\$172,232	\$78,928
5060.00	Offset Reserve Fund - CalTIP (restricted)	\$8,299	\$8,299
TOTAL REVENUES		\$7,767,696	\$8,523,498
SALARY & BENEFIT ACCOUNTS			
5010.00	Regular Employees	\$2,934,490	\$3,109,237
5010.02	Temporary Employees	\$190,000	\$225,000
5010.07	Overtime	\$80,000	\$80,000
5010.08	On Call Pay	\$13,000	\$13,000
5010.09	Skill and Shift Pay	\$34,000	\$35,000
5020.01	Employee Retirement	\$470,000	\$470,000
5070.01	(OASDI - Payroll Tax) FICA	\$14,000	\$14,000
5070.02	MEDICARE - Payroll Tax	\$50,000	\$50,000
5020.02	Health Insurance	\$1,134,000	\$1,331,000
5020.03	Unemployment Insurance	\$20,000	\$20,000
5020.04	LT Disability/Life Ins	\$33,000	\$33,000
5020.05	Worker's Comp	\$291,031	\$313,000
TOTAL SALARY & BENEFITS		\$5,263,521	\$5,693,237
SERVICE & SUPPLY ACCOUNTS			
5090.02	Clothing & Supplies	\$4,000	\$3,000
5090.05	Uniforms - Other	\$16,000	\$14,000
5050.01	Communications - Phone	\$48,000	\$48,000
5090.20	Communications - Radio	\$1,000	\$1,000
5090.01	Household Expenses	\$15,750	\$13,750
5060.01	Insurance Premiums/Public Liability	\$338,692	\$372,561
5060.02	Insurance Premiums/Physical Damage	\$16,671	\$18,338
5060.03	Insurance Premiums/Commercial & EPL Packages	\$15,000	\$33,000
5090.06	Service Contracts/Equipment	\$130,000	\$115,000
5160.07	Park and Ride Maintenance	\$9,400	\$9,000
5160.01	Maintenance/Buildings	\$6,000	\$2,500
5160.05	Maintenance/Grounds	\$4,000	\$4,000
5160.09	Maintenance/Bus Stop	\$5,000	\$3,000
5160.00	Maintenance/Other	\$5,000	\$2,500
5040.00	Vehicle Maintenance (In-House)	\$345,000	\$293,000
5040.02	Vehicle Maintenance/Tires & Tubes	\$108,000	\$95,000
5040.03	Vehicle Maintenance/Lubricants	\$31,000	\$28,000
5040.04	Vehicle Maintenance/Small Tools - Shop	\$5,500	\$4,300
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$38,000	\$30,000
5090.40	Memberships	\$7,000	\$6,000
5090.70	Office Expense	\$18,000	\$15,000
5090.80	Postage	\$4,000	\$4,000
5030.00	Professional Services	\$150,000	\$150,000
5030.10	Employee Medical Exams	\$13,000	\$13,000
5030.30	Background Checks	\$4,000	\$3,000
5090.08	Pubs/Legal Notices	\$4,000	\$4,000
5090.75	Printing	\$34,000	\$28,000
5120.02	Rents/Leases - Equipment	\$19,000	\$17,000
5120.03	Rents/Leases Park and Rides	\$12,000	\$10,000
5140.01	Equipment Purchase - Data Processing	\$3,000	\$1,000
5140.05	Equipment Purchase - Office	\$38,000	\$8,000
5150.00	Special Department Expense	\$5,000	\$5,000
5150.01	Marketing	\$25,000	\$25,000
5090.30	Staff Development/Travel	\$25,500	\$31,000
5040.01	Fuel Purchase	\$565,000	\$572,000
5090.72	Bank Charges / Credit Card Charges	\$200	\$2,500
5050.02	Utilities	\$54,000	\$54,000
5050.03	Utilities/ Park & Rides	\$21,000	\$21,000
4108.03	Fair Shuttle AB2766 Grant	Pending	Pending
6270.00	Contingency	\$360,462	\$770,812
TOTAL SERVICES AND SUPPLIES		\$2,504,175	\$2,830,261
TOTAL OPERATING EXPENSES		\$7,767,696	\$8,523,498