

AGENDA ITEM 2 A
Action Item

MEMORANDUM

DATE: March 5, 2020

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: Fiscal Year 2020/21 Preliminary Operating and Capital Budgets

REQUESTED ACTION:
BY MOTION,

1. **Receive and File the proposed Fiscal Year 2020/21 Preliminary Operating and Capital Budgets**
2. **Form an Ad Hoc Committee to review the proposed Fiscal Year 2020/21 Preliminary 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) requires 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 and capital budgets are to be proposed to the Board on or before June 15 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) 2020/21 Preliminary Operating Budget presented is based on maintaining current service levels with implementation of minor route changes as recommended in the Western El Dorado County 2019 Short- and Long-Range Transit Plan (SLRTP).

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 2020/21 OPERATING BUDGET

The Fiscal Year (FY) 2020/21 Preliminary Operating Budget assumes full employment of the current seventy-four (74) allocated regular full-time and part-time positions including executive management, administrative staff, operations and maintenance supervisors, maintenance technicians; twenty-one (21) Full-time Transit Operators and twenty-six (26) Part-time Transit Operators. In addition to regular staff El Dorado Transit employs temporary “Extra-Help” Transit Operators, Transit 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 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 implementation of recommendations for route adjustments.
- Renewals for insurance are not available in March. Renewals go into effect on May 1, 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 operations is \$5,430,343. This amount is an increase from the prior years’ allocation in the amount of \$190,052 due to increased sales tax earned in El Dorado County and the full funding of the transit operating contingency held by EDCTC.

State Transit Assistance (STA)

- STA funds for FY 2020/21 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 2020/21 Preliminary Budget, deferred funds from prior years’ allocations are used to balance the Preliminary Operating Budget.
- STA/State of Good Repair (SGR) is funding under Senate Bill 1 (SB 1).

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 an agreement with ALTA Regional California (ALTA) to transport ALTA clients to Motherlode Rehabilitation Enterprises, Inc. (M.O.R.E.). El Dorado Transit receives approximately 70% of the cost of this service from ALTA. This item is being closely monitored by the Executive Director with a maximum subsidy for FY 2019/209 of \$228,000.

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 has submitted a grant application to the El Dorado County Air Quality Management District (EDCAQMD) for this service.

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 possible implementation of additional service and fare program recommendations from the SLRTP.

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 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 Transit Dispatchers are off work. Included in the FY 2020/21 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. El Dorado Transit has a “Classic” and a “PEPRA” plan for regular employees. The employer contribution is approximately \$470,493 or an 11.746 % of base wages (based on actuarial reports); the employee contribution is \$280,390. The Employer Payment of Unfunded Liability is \$287,709 will be paid as a lump sum in July 2020.

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 2021.
- 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
- 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 addresses below.

Communications - Phone

Staff has been working to streamline and optimize the communication needs. Several obsolete options have been removed for an estimated cost savings.

Insurance Premiums/Public Liability

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

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 2020/21.

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

There are multiple preliminary engineering and planning studies anticipated in FY 2020/21 including a Zero Emissions Bus (ZEB) Implementation Plan and various passenger facility design projects.

Fuel Purchase

Fuel budget assumptions are calculated based on prior fuel expenditures, planned service mileage and recent market volatility. Staff anticipates a decrease of these costs for FY 2020/21 based on fuel costs incurred during the current fiscal year.

Contingency

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

PRELIMINARY FISCAL YEAR 2020/21 CAPITAL BUDGET

The FY 2020/21 Preliminary Capital Improvement Plan Budget (CIP) 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 21-xx (e.g. 21-01; 21-02 etc.)

In addition to ongoing projects, staff is recommending the following for inclusion in the FY 2020/21 CIP:

- 21-01 On-Board Video Surveillance Data Loss Protectors
- 21-02 Vehicle Replacement – Maintenance Truck
- 21-03 Administration / Maintenance Facility Equipment

SUMMARY

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

Staff is requesting that the Board receive and file the proposed Fiscal Year 2020/21 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 will submit the Fiscal Year 2020/21 Preliminary Operating and Capital Budgets for Board adoption at the regular April 2, 2020 meeting.

**EL DORADO COUNTY TRANSIT AUTHORITY
PROPOSED PRELIMINARY OPERATING BUDGET 2020/2021**

OPERATING BUDGET		FY 2019/2020	FY 2020/2021	
		Mid-Year	Preliminary	Difference
		Adopted 02/06/2020	Proposed 03/05/2020	
REVENUE ACCOUNTS				
4000.00	Transportation Development Act (TDA/LTF)	\$5,240,291	\$5,430,343	\$190,052
4270.00	State Transit Assistance (STA)	\$943,000	\$1,585,839	\$642,839
4270.00	State Transit Assistance (STA) Deferred	\$0	\$823,023	\$823,023
4270.01	State Transit Assistance (STA)/State of Good Repair (SGR)	\$248,293	\$253,381	\$5,088
4970.00	Interest Income	\$58,000	\$58,000	\$0
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$509,322	\$538,231	\$28,909
4300.00	Farebox Cash Fares	\$175,000	\$175,000	\$0
4310.00	Contract Services	\$435,000	\$462,000	\$27,000
4320.00	Farebox - Charter Charter Services	\$5,000	\$5,000	\$0
4330.00	Sac Commute Route Passes Commuter Route Fare Media	\$786,000	\$786,000	\$0
4350.00	Bus Pass Local Route Fare Media	\$76,000	\$76,000	\$0
4360.00	Scrip Paper Scrip	\$28,000	\$28,000	\$0
4400.00	Advertising Revenue	\$0	\$16,000	\$16,000
4990.00	Misc. Revenue	\$0	\$1,000	\$1,000
4107.03	Fair Shuttle AB2766 Grant	Pending	Pending	\$0
4109.04	Low Carbon Transit Operations Program (LCTOP) Grant CP	\$331,722	\$334,181	\$2,459
4112.00	FTA Section 5307 Grant Income - Preventative Maintenance (PM)	\$250,000	\$250,000	\$0
5060.00	Offset Reserve Fund - CalTIP (restricted)	\$8,374	\$8,374	\$0
TOTAL REVENUES		\$9,094,002	\$10,830,372	\$1,736,370
SALARY & BENEFIT ACCOUNTS				
5010.00	Regular Employees	\$3,786,614	\$4,057,043	\$270,429
5010.02	Temporary Employees	\$100,000	\$100,000	\$0
5010.07	Overtime	\$100,000	\$100,000	\$0
5010.08	On Call Pay	\$7,000	\$7,000	\$0
5010.09	Skill CRDI and Shift Pay	\$20,000	\$20,000	\$0
5020.01	Employee Retirement	\$595,000	\$680,000	\$85,000
5070.01	(OASDI - Payroll Tax) FICA	\$7,000	\$7,000	\$0
5070.02	MEDICARE - Payroll Tax	\$56,000	\$56,000	\$0
5020.02	Health Insurance	\$1,220,000	\$1,722,000	\$502,000
5020.03	Unemployment Insurance	\$10,000	\$10,000	\$0
5020.04	LT Disability/Life Ins	\$39,000	\$39,000	\$0
5020.05	Worker's Comp	\$225,000	\$354,000	\$129,000
TOTAL SALARY & BENEFITS		\$6,165,614	\$7,152,043	\$986,429
SERVICE & SUPPLY ACCOUNTS				
5090.02	Clothing & Supplies	\$3,600	\$3,600	\$0
5090.05	Uniforms - Other	\$16,000	\$16,000	\$0
5050.01	Communications - Phone	\$47,000	\$32,000	-\$15,000
5090.20	Communications - Radio	\$0	\$1,000	\$1,000
5090.01	Household Expenses	\$15,750	\$15,750	\$0
5060.01	Insurance Premiums/Public Liability	\$575,000	\$588,000	\$13,000
5060.02	Insurance Premiums/Physical Damage	\$25,000	\$25,000	\$0
5060.03	Insurance Premiums/Commercial	\$14,000	\$14,000	\$0
5060.04	Insurance Premium EPLI Package	\$18,000	\$18,000	\$0
5090.06	Service Contracts/Equipment	\$150,000	\$170,000	\$20,000
5160.07	Park and Ride Maintenance	\$17,000	\$13,000	-\$4,000
5160.01	Maintenance/Buildings	\$5,500	\$6,200	\$700
5160.03	Maintenance/Equipment	\$3,000	\$3,000	\$0
5160.05	Maintenance/Grounds	\$8,500	\$5,500	-\$3,000
5160.09	Maintenance/Bus Stop	\$3,000	\$2,000	-\$1,000
5160.00	Maintenance/Other	\$2,500	\$2,500	\$0
5040.00	Vehicle Maintenance (In-House)	\$380,000	\$380,000	\$0
5040.02	Vehicle Maintenance/Tires & Tubes	\$85,000	\$100,000	\$15,000
5040.03	Vehicle Maintenance/Lubricants	\$28,000	\$31,000	\$3,000
5040.04	Vehicle Maintenance/Small Tools - Shop	\$4,300	\$4,300	\$0
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$45,000	\$43,000	-\$2,000
5090.50	Safety Equipment/Training	\$7,000	\$10,000	\$3,000
5090.40	Memberships	\$8,400	\$4,000	-\$4,400
5090.70	Office Expense	\$15,000	\$15,000	\$0
5090.80	Postage	\$4,500	\$4,000	-\$500
5090.00	Operating Expense - Other	\$1,000	\$1,500	\$500
5030.00	Professional Services	\$170,000	\$270,000	\$100,000
5030.10	Employee Medical Exams	\$9,000	\$9,000	\$0
5030.30	Background Checks	\$2,000	\$2,000	\$0
5090.08	Pubs/Legal Notices	\$4,000	\$2,000	-\$2,000
5090.75	Printing	\$15,000	\$15,000	\$0
5120.02	Rents/Leases - Equipment	\$21,000	\$21,000	\$0
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	\$4,000	\$2,000	-\$2,000
5150.00	Special Department Expense	\$5,000	\$1,500	-\$3,500
5150.01	Marketing	\$15,000	\$10,000	-\$5,000
5090.30	Staff Development/Travel	\$41,000	\$25,000	-\$16,000
5040.01	Fuel Purchase	\$828,000	\$700,000	-\$128,000
5090.72	Bank Charges	\$800	\$400	-\$400
5090.73	Credit Card Charge Fees	\$5,000	\$3,500	-\$1,500
5090.74	Connect Card Administration Expenses	\$40,000	\$40,000	\$0
5050.02	Utilities	\$54,000	\$54,000	\$0
5050.03	Utilities/ Park & Rides	\$26,000	\$20,000	-\$6,000
4108.03	Fair Shuttle AB2766 Grant	Pending	Pending	\$0
6270.00	Contingency	\$196,538	\$984,579	\$788,041
TOTAL SERVICES AND SUPPLIES		\$2,928,388	\$3,678,329	\$749,941
TOTAL OPERATING EXPENSES		\$9,094,002	\$10,830,372	\$1,736,370

El Dorado County Transit Authority

Proposed Capital Improvement Plan Budget FY 2020/21

Approved Capital Projects				Budget	Deferred STA*	FTA Section 5307	FTA Section 5310	FTA Section 5339	PTMISEA 10/11	CTSGP-CTAF	CMAQ
Status	Priority	CIP Project Number	Project Description		\$3,053,113	\$276,756	\$666,000	\$1,355,747	\$1,430,620	\$99,000	\$1,100,000
ACTIVE		12-06	Western Placerville Interchange (WPI) Park and Ride	\$2,865,620	\$335,000				\$1,430,620		\$1,100,000
PLANNED		14-03	Metal Fabrication Tools	\$11,942	\$11,942						
ACTIVE		15-08	Park-and-Ride Parking Lot Maintenance	\$250,000	\$250,000						
ACTIVE		17-03	Bus Stop Improvements - Upper Broadway	\$392,550	\$392,550						
ACTIVE		17-05	Maintenance Facility - Safety and Equipment	\$52,000	\$52,000						
ACTIVE		18-02	Bus Shelter Amenities	\$165,000	\$165,000						
ACTIVE		18-04	Vehicle Replacement - Local Fixed Route - Gillig	\$2,135,404	\$583,404	\$196,253		\$1,355,747			
ACTIVE		18-06	Radio System	\$110,231	\$11,231					\$99,000	
ACTIVE		19-01	IT Upgrade and Replacement 5 Year Plan	\$140,635	\$140,635						
PLANNED		19-03	Administration Building Safety Improvements	\$24,150	\$24,150						
ACTIVE		19-04	Vehicle Replacement - Demand Response	\$1,019,030	\$409,030		\$610,000				
PLANNED		20-01	Facility Surveillance Upgrade	\$16,500	\$16,500						
PLANNED		20-02	Automatic Bus Washer Retrofit	\$110,000	\$29,497	\$80,503					
PLANNED		20-03	Administration / Maintenance Facility Equipment	\$40,000	\$40,000						
PLANNED		20-04	Maintenance Facility Swamp Cooler and Steam Cleaner Modifications	\$151,335	\$151,335						
PLANNED		20-05	Vehicle Replacement - Local Fixed Route	\$1,078,000							
ACTIVE		20-06	Vehicle Replacement - Demand Response - Transit Van	\$86,900	\$30,900		\$56,000				
PROPOSED		21-01	On-Board Video Surveillance Data Loss Protectors	\$31,442	\$31,442						
PROPOSED		21-02	Vehicle Replacement - Maintenance Truck	\$32,000	\$32,000						
PROPOSED		21-03	Administration / Maintenance Facility Equipment	\$40,000	\$40,000						
Project Totals				\$8,752,739	\$2,746,616	\$276,756	\$666,000	\$1,355,747	\$1,430,620	\$99,000	\$1,100,000
Remaining Funds Available					\$306,497	\$0	\$0	\$0	\$0	\$0	\$0