

AGENDA ITEM 2 B
Action Item

MEMORANDUM

DATE: May 7, 2020

TO: El Dorado County Transit Authority

FROM: Matthew Mauk, Executive Director

SUBJECT: Personnel Allocation and Final Budget Adoption Process for Fiscal Year (FY) 2020/21

REQUESTED ACTION:
BY MOTION,

- 1. Direct the Executive Director to determine levels of staff attrition for potential reductions in labor force among represented and unrepresented employee groups**
- 2. Set a Special Meeting and Public Hearing on July 9, 2020 to adopt the final Operating and Capital Budgets for FY 2020/21**

BACKGROUND

In response to immediate and significant ridership losses, program closures and state-wide public health directives to support social distancing/sheltering in place due to the COVID-19 health emergency, the El Dorado County Transit Authority (El Dorado Transit) suspended some services beginning in early March. Additionally, El Dorado Transit expects a significant and possibly long-term shortfall of major revenue sources requiring substantial reductions in expenditures across all major operating budget categories. An interim transit service plan, reflecting the current and additional proposed public transit service reductions, is presented for approval elsewhere in this agenda.

El Dorado Transit typically adopts an annual Personnel Allocation Plan by resolution prior to the adoption of a final Operating Budget in June for the following fiscal year. The Bylaws of the El Dorado County Transit Authority require the Executive Director to propose final Operating and Capital budgets to the Board on or before June 15th of each year with final adoption required by July 15th.

On April 2, 2020, following the recommendation of the Ad Hoc Budget Review Committee, the Board adopted the FY 2020/21 Preliminary Operating Budget including revisions. At that time, it was understood that future economic developments related to the COVID-19 pandemic would affect operating revenue streams but it was early in the crisis and the Committee agreed to take a status quo approach to the preliminary budget until more information became available.

DISCUSSION

The unprecedented COVID-19 public health crisis and corresponding socioeconomic interruptions brought a sudden and comprehensive stop to otherwise positive ridership demand and revenue trends. Since mid-March when stay-at-home orders were issued locally and Statewide, El Dorado Transit has experienced a seventy-five percent (75%) decrease in average daily ridership compared to the preceding nine (9) month period. In addition to the resulting loss of fare revenue, vital State funding sources derived from a percentage of local retail sales tax revenue could decline by upwards of fifty-five percent (55%) or more over the coming months. These Transportation Development Act (TDA) funds make up approximately seventy-two percent (72%) of El Dorado Transit's annual operating budget. At this point, it is unknown exactly what the long-term effects will be to local transit service demand and what the losses of operating revenue from the COVID-19 pandemic will be, but reasonable estimates of the budget shortfall from just TDA funding losses could be more than \$3.2 million, representing approximately one-third (1/3) of the adopted preliminary operating budget.

Given the operational and fiscal consequences of the COVID-19 crisis and the uncertainty of future economic conditions, El Dorado Transit is compelled to initiate significant reductions to the workforce to maintain the financial viability of the agency until such time as demand for transit service returns and essential revenue streams return to their former levels. The FY 2019/20 Allocation Table is attached for reference and includes a maximum allocation of sixty-three (63) full-time equivalent (FTE) staff positions. Achieving an appropriate and fiscally sustainable staffing level during and after the current pandemic will likely require separations and/or elimination of positions, including full and part-time Transit Operators and unrepresented employees across multiple departments. The final number of necessary personnel allocations will likely be adjusted based on workforce reductions achieved through attrition and potentially readjusted based on operational need as it develops over the coming months.

Pursuant to Article 21 of the current Memorandum of Understanding Between the El Dorado County Transit Authority and the Operating Engineers Local Union No. 3 (MOU), formal notice must be served on Transit Operators that may be affected by a reduction in force authorized by the Board. Such notice must be served at least thirty (30) calendar days prior to the effective date of separation and must include the reasons for the actions, rehire or restoration rights and appeal rights. Prior to providing such notices, El Dorado Transit should determine what, if any, staff reductions may be achieved through attrition within the Transit Operator classification prior to initiating permanent layoffs. If authorized, staff will initiate discussions with individual employees that may result in voluntary separations, demotions and/or retirements, thus altering the final reductions necessary within specific classifications. After reasonable attrition is determined, staff will present a recommendation regarding the number of positions proposed for reduction at the Board's June meeting. A final FY 2020/21 Allocation Plan will then be presented for approval in conjunction with final budget adoptions, proposed for July 9, 2020.

As such, staff recommends the following Board actions at this time:

- Provide the Executive Director with guidance and direction to begin discussions with individual, represented and unrepresented employees to determine what reductions may be facilitated through voluntary separations, demotions or retirements. After reasonable attrition is determined, staff will return to the Board for guidance and direction regarding further reductions pursuant to MOU Article 21. If necessary and after Board direction at the June board meeting, and in coordination with the Operating Engineers Local Union No. 3, staff will move to formal notice of affected Transit Operators per the terms of the current MOU.
- Set a special July 9, 2020 Board meeting to hold a public hearing and adopt the final FY 2020/21 Operating and Capital Budgets. If authorized, staff will propose a final FY 2020/21 Personnel Allocation Plan for Board adoption, prior to or in conjunction with the Operating Budget, reflecting the outcomes of all the voluntary personnel actions negotiated to date and subsequent reductions in force deemed necessary to sustain essential services.

FISCAL IMPACT

The fiscal impact of the recommended actions will vary based on potential workforce reductions achieved through attrition. Monthly revenue losses from vital State funding sources will be realized beginning as early as May 2020 and continue throughout the economic recovery, making future financial impacts difficult to predict. In addition, staffing adjustments may be needed if services are reinstated to meet increased demand from a comprehensive reopening of businesses, programs and services in the interim.

All costs associated with the proposed personnel actions/authorizations and related staffing changes will be included in the final FY 2020/21 Operating Budget and Allocation Plan, anticipated for adoption on July 9, 2020.

EL DORADO COUNTY TRANSIT AUTHORITY
PERSONNEL ALLOCATION TABLE
Fiscal Year (FY) 2019/20

Classification	Adopted FY 2019/20 (fte*)
Administrative Coordinator	1
Custodian	1
Equipment Technician I/II	4
Executive Director	1
Finance Manager	1
Fiscal Technician I	2
Human Resources Manager	1
Information Technology Analyst	1
Maintenance and Facilities Supervisor	1
Maintenance Technician	2
Office Assistant II	2
Operations Manager	1
Planning and Marketing Manager	1
Transit Operations Supervisor	3
Safety Coordinator	1
Transit Dispatcher	5
Transit Operator	35
<i>TOTAL ALLOCATED POSITIONS</i>	<i>63</i>

* fte = Full Time Equivalent