

AGENDA ITEM 2 B
Action Item

MEMORANDUM

DATE: April 1, 2021

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: Adopt Fiscal Year 2021/22 Preliminary Operating Budget

REQUESTED ACTION:
BY MOTION,

**Adopt Resolution No. 21-07 Approving the Fiscal Year 2021/22
Preliminary Operating Budget including Revisions**

BACKGROUND

The Bylaws of the El Dorado County Transit Authority (El Dorado Transit) require 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.

On March 4, 2021, the fiscal year (FY) 2021/22 Preliminary Operating Budget was presented for full Board review. At that time, the Board authorized the formation of an Ad Hoc Budget Review Committee (Committee) with the Chair and Vice Chair to engage in a more detailed review of both the proposed operating and capital budgets.

On March 15, 2021, Board Chair Kara Taylor, Vice-Chair Lori Parlin, Executive Director Matthew Mauk and Finance Manager Julie Petersen met virtually for approximately an hour and a half to review the budgets.

DISCUSSION

At the Committee meeting, existing budget conditions and revenue assumptions were discussed with a focus on the Transportation Development Act (TDA) funds which make up approximately 80% of the operating revenues. TDA includes two sources of funding for both operating and capital projects, Local Transportation Funds (LTF) and State Transit Assistance Funds (STA). These funds are derived from retail and diesel fuel sales tax measures and do fluctuate with the State and local economy. Consistent with statutory controls, past practice has been to reallocate STA funds to capital budgets in the mid-year budget process, if possible.

The remaining revenue accounts are primarily made up of passenger fares and Federal, State and local project specific operating grants. Federal grant funding amounts are generally formulaic allocations and are restricted to support certain types of service (i.e. rural or urban).

Expenditure line items were discussed in extensive detail by the Committee. Payroll line items are estimated based on all allocated positions being filled and account for known salary adjustments. In relation, most benefit account expenses are based on a percentage of payroll. Health insurance premium contributions change on a calendar year basis and budget projections are adjusted mid-fiscal year accordingly. The committee had no recommendations to changing this practice.

Service and supply accounts include insurance premiums, maintenance expenses, fuel, professional services and project specific expenses. Budget assumptions in these accounts are generally based on contract terms, published rates and/or experience with an annual escalator of 3% to 10% depending on the classification and price volatility of certain commodities.

Committee Recommendations

Based on the discussions, the Committee generally supported staff's current assumptions and methodology in preparing and presenting the annual Operating Budget. Minor recommended updates to the budget were discussed and are represented in bold on the attached Preliminary Operating Budget spreadsheet. These include recognizing deferred STA revenue to offset a reduction of FY 2021/22 LCTOP grant funds learned of after the regular March Board meeting. In addition, the Regular Employees salary account was further increased to recognize staffing needs to support an anticipated increase to current transit service levels over the course of the fiscal year. Per Committee consensus, the Contingency line item was held at approximately 3%. El Dorado Transit does not draw from a "general fund" and per the TDA, transit agencies are not allowed to hold surplus operating revenue for future years.

With the requested action, staff is recommending adoption of Resolution No. 21-07 approving the Fiscal Year 2021/22 Preliminary Operating Budget including minor revisions endorsed by the Ad Hoc Budget Review Committee. Staff will be prepared to discuss the budget proposal in detail at the meeting.

FISCAL IMPACT

The Preliminary FY 2021/22 Operating Budget as presented reflects a projected \$8,523,534 in total operating expenditures balanced to anticipated Federal, State and project specific operating revenues.

**EL DORADO COUNTY TRANSIT AUTHORITY
RESOLUTION NO. 21-07**

RESOLUTION OF THE EL DORADO COUNTY TRANSIT AUTHORITY ADOPTING THE
PRELIMINARY OPERATING
BUDGET FOR FISCAL YEAR 2021/2022

WHEREAS, Section 11.1 of the Joint Powers Agreement (JPA) establishing the El Dorado County Transit Authority states, *“For each fiscal year, the Board shall adopt capital and operating budgets which are consistent with the requirements of the Regional Transportation Planning Agency, the California Transportation Development Act, the Federal Highway Act of 1973, and the Federal Transit Administration Act as amended from time to time, and all other funding and regulatory agencies involved in the execution of the purpose of EDCTA.”*; and

WHEREAS, Section 7.1 Preliminary Budgets of the Bylaws states, *“The Executive Director shall propose a preliminary operating budget and a preliminary capital budget to the Board on or before the March meeting of each year.”*; and

WHEREAS, the El Dorado County Transit Authority prepared the preliminary operating budget for Fiscal Year (FY) 2021/22 incorporated as an attachment to this resolution; and

WHEREAS, the preliminary operating budget for FY 2021/22 ending June 30, 2022 is based upon continuation of current public transportation services provided by the El Dorado County Transit Authority; and

WHEREAS, the preliminary FY 2021/22 operating budget projected revenue is based on known levels of anticipated funding;

NOW THEREFORE, BE IT RESOLVED, the El Dorado County Transit Authority hereby adopts the preliminary operating budget for FY 2021/22 ending June 30, 2022.

PASSED AND ADOPTED BY THE GOVERNING BOARD OF THE EL DORADO COUNTY TRANSIT AUTHORITY at a regular meeting of said Board held on the 1st day of April 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Kara Taylor, Chairperson

ATTEST:

Megan Wilcher, Secretary to the Board

**EL DORADO COUNTY TRANSIT AUTHORITY
PROPOSED PRELIMINARY OPERATING BUDGET 2021/2022**

OPERATING BUDGET		FY 2020/2021 Mid-Year Adopted 02/04/2021	FY 2021/2022 Preliminary Proposed 04/01/2021
REVENUE ACCOUNTS			
4000.00	Transportation Development Act (TDA/LTF)	\$4,257,455	\$5,566,463
4000.00	Transportation Development Act (TDA/LTF) Deferred FY 2019/20	\$1,337,803	\$0
4270.00	State Transit Assistance (TDA/STA)	\$0	\$1,278,616
4270.00	State Transit Assistance (TDA/STA) Deferred	\$0	\$329,809
4270.01	State Transit Assistance (TDA/STA)/State of Good Repair (SGR)	\$273,902	\$273,467
4970.00	Interest Income	\$10,000	\$10,000
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$538,231	\$538,231
4100.00	Federal Transit Administration (FTA) CARES Act Section 5311 Grant	\$1,081,553	\$0
4300.00	Cash Fares	\$75,000	\$77,000
4310.00	Contract Services	\$24,000	\$24,720
4320.00	Charter Services	\$0	\$0
4330.00	Commuter Route Fare Media	\$60,000	\$61,800
4350.00	Local Route Fare Media	\$25,000	\$25,750
4360.00	Paper Scrip	\$7,000	\$7,210
4400.00	Advertising Revenue	\$0	\$5,000
4990.00	Misc. Revenue	\$0	\$400
4107.03	Fair Shuttle AB2766 Grant	\$32,000	\$0
4109.04	Low Carbon Transit Operations Program (LCTOP) Grant	\$334,181	\$50,000
4112.00	FTA Section 5307 Grant Income - Preventative Maintenance (PM)	\$250,000	\$250,000
5060.00	Offset Reserve Fund - CalTIP (restricted)	\$25,068	\$25,068
TOTAL REVENUES		\$8,331,193	\$8,523,534
SALARY & BENEFIT ACCOUNTS			
5010.00	Regular Employees	\$2,969,000	\$3,319,384
5010.02	Temporary Employees	\$80,000	\$100,000
5010.07	Overtime	\$50,000	\$50,000
5010.08	On Call Pay	\$7,000	\$7,000
5010.09	CRDI and Shift Pay	\$15,000	\$20,000
5020.01	Employee Retirement	\$540,000	\$600,000
5070.01	(OASDI - Payroll Tax) FICA	\$3,800	\$4,000
5070.02	MEDICARE - Payroll Tax	\$44,000	\$50,000
5020.02	Health Insurance	\$980,000	\$1,078,000
5020.03	Unemployment Insurance	\$175,000	\$100,000
5020.04	LT Disability/Life Ins	\$29,000	\$32,000
5020.05	Worker's Comp	\$388,493	\$420,000
TOTAL SALARY & BENEFITS		\$5,281,293	\$5,780,384
SERVICE & SUPPLY ACCOUNTS			
5090.02	Clothing & Supplies	\$3,240	\$3,500
5090.05	Uniforms - Other	\$10,000	\$12,000
5050.01	Communications - Phone	\$32,000	\$35,000
5090.20	Communications - Radio	\$900	\$1,000
5090.01	Household Expenses	\$16,000	\$16,500
5060.01	Insurance Premiums/Public Liability	\$620,000	\$651,000
5060.02	Insurance Premiums/Physical Damage	\$25,000	\$26,250
5060.03	Insurance Premiums/Commercial	\$14,000	\$14,700
5060.04	Insurance Premium EPLI Package	\$20,000	\$21,000
5090.06	Service Contracts/Equipment	\$170,000	\$190,000
5160.07	Park and Ride Maintenance	\$13,000	\$14,000
5160.01	Maintenance/Buildings	\$6,200	\$7,500
5160.03	Maintenance/Equipment	\$3,000	\$4,000
5160.05	Maintenance/Grounds	\$5,500	\$6,500
5160.09	Maintenance/Bus Stop	\$2,000	\$3,000
5160.00	Maintenance/Other	\$2,500	\$2,500
5040.00	Vehicle Maintenance (In-House)	\$342,000	\$376,000
5040.02	Vehicle Maintenance/Tires & Tubes	\$90,000	\$99,000
5040.03	Vehicle Maintenance/Lubricants	\$27,900	\$29,700
5040.04	Vehicle Maintenance/Small Tools - Shop	\$3,870	\$5,000
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$20,000	\$23,000
5090.50	Safety Equipment/Training	\$125,000	\$125,000
5090.40	Memberships	\$5,400	\$5,800
5090.70	Office Expense	\$13,500	\$15,000
5090.80	Postage	\$3,600	\$4,000
5090.00	Operating Expense - Other	\$1,350	\$2,000
5030.00	Professional Services	\$250,000	\$250,000
5030.10	Employee Medical Exams	\$8,100	\$8,500
5030.30	Background Checks	\$1,800	\$2,000
5090.08	Pubs/Legal Notices	\$2,000	\$2,500
5090.75	Printing	\$13,500	\$14,000
5120.02	Rents/Leases - Equipment	\$21,000	\$23,000
5120.03	Rents/Leases Park and Rides	\$9,000	\$9,000
5140.01	Equipment Purchase - Data Processing	\$1,000	\$1,000
5140.05	Equipment Purchase - Office	\$1,800	\$1,800
5150.00	Special Department Expense	\$1,500	\$1,500
5150.01	Marketing	\$9,000	\$12,000
5090.30	Staff Development/Travel	\$15,000	\$15,000
5040.01	Fuel Purchase	\$300,000	\$345,000
5090.72	Bank Charges	\$400	\$400
5090.73	Credit Card Charge Fees	\$3,500	\$3,500
5090.74	Connect Card Administration Expenses	\$40,000	\$34,000
5050.02	Utilities	\$54,000	\$56,000
5050.03	Utilities/ Park & Rides	\$20,000	\$22,000
4108.03	Fair Shuttle AB2766 Grant	\$38,000	\$0
6270.00	Contingency	\$684,340	\$249,000
TOTAL SERVICES AND SUPPLIES		\$3,049,900	\$2,743,150
TOTAL OPERATING EXPENSES		\$8,331,193	\$8,523,534