

AGENDA ITEM 2A
Action Item

MEMORANDUM

DATE: March 3, 2022
TO: El Dorado County Transit Authority
FROM: Julie Petersen, Finance Manager
SUBJECT: Fiscal Year 2022/23 Preliminary Operating Budget

REQUESTED ACTION:

BY MOTION,

Receive and File the proposed Fiscal Year 2022/23 Preliminary Operating Budget

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 budgets are to be proposed to the Board on or before June 15th 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) 2022/23 Preliminary Operating Budget presented is based on maintaining at least the current service levels with contingency for possible restoration of some pre-pandemic services.

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 generated within the County of El Dorado and allocated through the El Dorado County Transportation Commission (EDCTC) for the provision of public transit services on the western slope.

PRELIMINARY FISCAL YEAR 2022/23 OPERATING BUDGET

The Fiscal Year (FY) 2022/23 Preliminary Operating Budget assumes full employment of the current allocated regular full-time and part-time positions including management, administrative staff, operations, and maintenance. 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 the current fiscal year adjusted mid-year budget utilizing the following factors:

- Projected expenses using an analysis of the first six (6) months of current fiscal year's actual expenses and liabilities.
- Preliminary budget assumes current level of service with some restoration of services over the course of the fiscal period.
- Costs for insurance premiums are not available in March. Renewals go into effect on May 1, July 1, and January 1.

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 \$6,030,361. This amount is an increase from the prior years' allocation in the amount of \$463,898.

State of Good Repair (SGR)

Funding under Senate Bill 1 (SB 1) is allocated by the State Controller's Office. Estimates for FY 2022/23 were posted on January 31, 2022, of \$285,297 an increase of \$8,308 over the prior years' revised allocation.

Federal Transit Administration (FTA) Section 5311 Grant

The FTA Section 5311 program provides funding, through the California Department of Transportation (Caltrans), 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.

Federal Transit Administration (FTA) Section 5311 CRRSAA Grant

Allocation of Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) funds for rural services administered through the Caltrans FTA Section 5311 program.

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 Transits' current agreement with ALTA is set to expire June 30, 2022.

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 decrease 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 shuttle service to the 2022 and 2023 County Fairs.

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 Zero Emissions Bus (ZEB) Vehicles and Infrastructure (Capital Improvement Plan #22-03) and continuation of a discount fare program.

Offset Reserve Fund – CalTIP (restricted)

These funds are 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. If available, 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 Dispatchers are off work.

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 \$341,395 or 11.61 % of base wages (based on actuarial reports); the employee contribution is estimated at \$205,837. The Employer portion of the Unfunded Liability is \$326,924 and will be paid as a lump sum in July 2022.

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 2023.
- The Human Resources Department administers agreements and/or insurance policies for services and insurance coverage's that automatically renew 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, unreimbursed medical and dependent care expenses 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 accounts with the largest changes addressed below:

Insurance Premiums/EPLI Package

The preliminary budget is based on premiums estimates only. There are no additional funds anticipated at this time.

Vehicle Maintenance/Sales Tax/Fuel & Lubricants

This account includes sales tax charged on all fuel and lubricants used to maintain the entire fleet. Staff is anticipating an increase of costs for this account.

Professional Services

This line item includes costs associated with professional services such as legal counsel, outside CPA consulting, project management, engineering and planning and strategic studies.

Fuel Purchase

Fuel budget assumptions are calculated based on prior fuel expenditures, planned service mileage and recent market volatility. Staff anticipates an increase of these costs for FY 2022/23 based on cost fluctuation and projected service.

Contingency

Contingency is projected at \$407,504 representing 5.1% of the overall budget.

SUMMARY

Management's opinion is that the financial position of El Dorado Transit is stable. The proposed preliminary budget for fiscal year 2022/23 reflects a \$8,284.134 in total operating expenditures balanced to projected available Federal, State and project specific revenues.

Staff is requesting that the Board receive and file the proposed Fiscal Year 2022/23 Preliminary Operating Budget as presented.

EL DORADO COUNTY TRANSIT AUTHORITY

PROPOSED PRELIMINARY OPERATING BUDGET 2022/2023

OPERATING BUDGET		FY 2021/2022	FY 2022/2023	
		Mid-Year	Preliminary	
REVENUE ACCOUNTS		Adopted 02/03/2022	Proposed 03/03/2022	Difference
4000.00	Transportation Development Act (TDA/LTF)	\$5,566,463	\$6,030,361	463,898
4270.01	State of Good Repair (SGR) Program	\$266,380	\$285,297	18,917
4970.00	Interest Income	\$3,000	\$3,000	0
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$558,840	\$558,840	0
4100.00	Federal Transit Administration (FTA) CRRSAA Act Section 5311 Grant	\$738,717	\$738,717	0
4300.00	Cash Fares	\$77,000	\$77,000	0
4310.00	Contract Services	\$104,000	\$0	-104,000
4320.00	Charter Services	\$0	\$0	0
4330.00	Commuter Route Fare Media	\$162,000	\$162,000	0
4350.00	Local Route Fare Media	\$56,000	\$31,000	-25,000
4360.00	Paper Scrip	\$7,210	\$7,000	-210
4400.00	Advertising Revenue	\$0	\$15,000	15,000
4990.00	Misc. Revenue	\$0	\$400	400
4107.03	Fair Shuttle AB2766 Grant	\$0	\$0	0
4109.04	Low Carbon Transit Operations Program (LCTOP) Grant	\$50,000	\$75,000	25,000
4112.00	FTA Section 5307 Grant Income - Preventative Maintenance (PM)	\$43,520	\$43,520	0
4112.00	Federal Transit Administration (FTA) CRRSAA Act Section 5307 Grant	\$183,509	\$183,509	0
5060.00	Offset Reserve Fund - CalTIP (restricted)	\$73,490	\$73,490	0
TOTAL REVENUES		\$7,890,129	\$8,284,134	394,005
SALARY & BENEFIT ACCOUNTS				
5010.00	Regular Employees	\$2,919,384	\$2,940,530	21,146
5010.02	Temporary Employees	\$50,000	\$100,000	50,000
5010.07	Overtime	\$100,000	\$50,000	-50,000
5010.08	On Call Pay	\$7,000	\$7,000	0
5010.09	CRDI and Shift Pay	\$20,000	\$20,000	0
5020.01	Employee Retirement	\$560,000	\$668,000	108,000
5070.01	(OASDI - Payroll Tax) FICA	\$4,000	\$4,000	0
5070.02	MEDICARE - Payroll Tax	\$50,000	\$50,000	0
5020.02	Health Insurance	\$1,000,000	\$1,094,000	94,000
5020.03	Unemployment Insurance	\$15,000	\$15,000	0
5020.04	LT Disability/Life Ins	\$32,000	\$32,000	0
5020.05	Worker's Comp	\$350,000	\$350,000	0
TOTAL SALARY & BENEFITS		\$5,107,384	\$5,330,530	223,146
SERVICE & SUPPLY ACCOUNTS				
5090.02	Clothing & Supplies	\$5,000	\$5,000	0
5090.05	Uniforms - Other	\$12,000	\$10,000	-2,000
5050.01	Communications - Phone	\$35,000	\$35,000	0
5090.20	Communications - Radio	\$1,000	\$1,000	0
5090.01	Household Expenses	\$16,500	\$16,500	0
5060.01	Insurance Premiums/Public Liability	\$394,000	\$394,000	0
5060.02	Insurance Premiums/Physical Damage	\$27,000	\$27,000	0
5060.03	Insurance Premiums/Commercial	\$12,212	\$14,000	1,788
5060.04	Insurance Premium EPLI Package	\$72,000	\$22,000	-50,000
5090.06	Service Contracts/Equipment	\$190,000	\$190,000	0
5160.07	Park and Ride Maintenance	\$14,000	\$14,000	0
5160.01	Maintenance/Buildings	\$7,500	\$7,500	0
5160.03	Maintenance/Equipment	\$4,000	\$4,000	0
5160.05	Maintenance/Grounds	\$6,500	\$6,500	0
5160.09	Maintenance/Bus Stop	\$3,000	\$3,000	0
5160.00	Maintenance/Other	\$2,500	\$2,000	-500
5040.00	Vehicle Maintenance (In-House)	\$376,000	\$376,000	0
5040.02	Vehicle Maintenance/Tires & Tubes	\$99,000	\$99,000	0
5040.03	Vehicle Maintenance/Lubricants	\$29,700	\$29,700	0
5040.04	Vehicle Maintenance/Small Tools - Shop	\$5,000	\$5,000	0
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$38,000	\$45,000	7,000
5090.50	Safety Equipment/Training	\$40,000	\$40,000	0
5090.40	Memberships	\$5,800	\$6,000	200
5090.70	Office Expense	\$15,000	\$15,000	0
5090.80	Postage	\$4,000	\$4,000	0
5090.00	Operating Expense - Other	\$2,000	\$2,000	0
5030.00	Professional Services	\$250,000	\$435,000	185,000
5030.10	Employee Medical Exams	\$8,500	\$8,500	0
5030.30	Background Checks	\$2,000	\$2,000	0
5090.08	Pubs/Legal Notices	\$2,500	\$2,500	0
5090.75	Printing	\$14,000	\$14,000	0
5120.00	Rents/Leases	\$32,000	\$24,000	-8,000
5140.01	Equipment Purchase - Data Processing	\$1,000	\$1,000	0
5140.05	Equipment Purchase - Office	\$1,800	\$1,800	0
5150.00	Special Department Expense	\$1,500	\$1,500	0
5150.01	Marketing	\$12,000	\$20,000	8,000
5090.30	Staff Development/Travel	\$15,000	\$30,000	15,000
5040.01	Fuel Purchase	\$470,000	\$530,000	60,000
5090.72	Bank Charges	\$400	\$600	200
5090.73	Credit Card Charge Fees	\$3,500	\$4,000	500
5090.74	Connect Card Administration Expenses	\$34,000	\$20,000	-14,000
5050.02	Utilities	\$56,000	\$56,000	0
5050.03	Utilities/ Park & Rides	\$22,000	\$22,000	0
4108.03	Fair Shuttle AB2766 Grant	\$0	\$0	0
6270.00	Contingency	\$439,833	\$407,504	-32,329
TOTAL SERVICES AND SUPPLIES		\$2,782,745	\$2,953,604	170,859
TOTAL OPERATING EXPENSES		\$7,890,129	\$8,284,134	394,005