

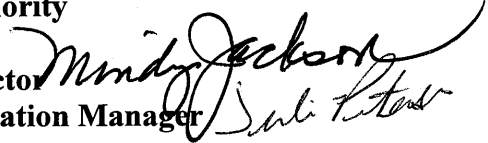
AGENDA ITEM 7 B
Action Item

MEMORANDUM

DATE: March 19, 2009

TO: El Dorado County Transit Authority

FROM: Mindy Jackson, Executive Director
Julie Petersen, Fiscal Administration Manager



SUBJECT: Fiscal Year 2009/2010 Preliminary Operating Budget

REQUESTED ACTION:
BY MOTION,

1. Review Preliminary Operating Budget for Fiscal Year 2009/2010
2. Set a Public Hearing on Proposed Service Reductions for April 2, 2009

BACKGROUND

The Bylaws of the El Dorado County Transit Authority (El Dorado Transit) require submission of a preliminary budget for adoption at the regularly scheduled March meeting. Final budgets are to be submitted to the Board on or before June 15 of each year.

The fiscal year (FY) 2009/10 preliminary budget was prepared assuming continuation of current level of service however; approval of the California State budget resulted in a significant revenue shortfall. The loss of state and local tax revenue severely limits the ability of El Dorado Transit to continue the current level of service.

DISCUSSION

Development of the preliminary operating budget for FY 2009/10 identified a deficit of \$1,221,268. A decrease of \$568,853 revenue is attributed to the reduction in sales tax receipts and action by the state legislature to discontinue funding transit with retail gas tax receipts.

The public transportation services provided by El Dorado Transit are vital to the lives of many residents – seniors; persons with disabilities; care providers; families of passengers; persons with low incomes; students and the general public. Service cuts are difficult to consider but when faced with certain budget constraints it is necessary to plan for reducing expenditures. Action to reduce costs may include cutting or modification of under utilized routes/services and elimination of weekend transit services.

PRELIMINARY OPERATING BUDGET

El Dorado Transit presents the budget in a format that compares prior year approved budget to preliminary budget. The annual preliminary budget is based on the following criteria:

- Per budget line item – Project expenses using an analysis of the first six (6) months of current fiscal year actual expenses and funding obligations.
- Preliminary budget assumes maintaining current level of service
- Renewals for insurance are not available in March; most renewals go into effect on July 1 of each year.
- Contingency is set at ten percent (10 %) of budget per policy.

Revenue Accounts

The preliminary budget for FY 2009/10 includes operating revenue from the Transportation Development Act (TDA). The TDA historically provided two (2) sources of revenue:

1. Local Transportation Fund (LTF), which is derived from a ¼ cent of the general sales tax collected statewide. These funds are collected in each county then returned for allocation by the regional transportation agency for TDA administration by El Dorado County Auditor-Controller; TDA administration by the El Dorado County Transportation Commission (EDCTC); EDCTC budget planning & programming; SACOG funding for planning & programming; Pedestrian & Bicycles Facilities (2%) and transit operations. If there are funds available after those priorities are funded then other transportation could receive TDA monies.
2. State Transit Assistance fund (STA), which is derived from the statewide sales on gasoline and diesel fuel. These funds were diverted from transit operations with the passing of the current State budget and are not included in the FY 2009/10 budget.

Transportation Development Act (TDA)

The El Dorado County Auditor estimates that the LTF receipts will remain flat for FY 2009/10. Without a carryover amount, the result is a loss of \$458,723 of TDA revenue from El Dorado Transit.

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State Transit Assistance (STA)

During FY 2007/08 and FY 2008/09 STA funds were diverted from transit-related allocations by the State of California. Per the approved State of California budget STA is no longer available for transit operations. This reduction in revenue severely impacts the ability to provide the current level of service and plan for capital projects/vehicle replacement.

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 successfully renegotiated a rate increase and receives approximately 76% of the cost of this service from ALTA.

The Apple Hill[®] and El Dorado County Fair shuttles are typically funded with grants from the El Dorado County Air Quality Management District. A call for projects has been received and El Dorado Transit staff is currently working on project submissions.

Salary and Benefits Accounts (based on FY 2008/09 level of service)

Regular Employees and Overtime. The regular employees and overtime accounts include funding for eligible merit step increases and longevity.

Temporary Employees The preliminary budget includes \$184,000 for extra-help employees that provide relief driving on an intermittent basis to cover services not included in driver bid routes and discretionary leave.

Employee Retirement. Employee Retirement is based on the PERS formula for the employer portion (12.747 %) plus the employee portion paid by El Dorado Transit (7%). PERS is paid as a percentage of regular hours worked.

Health Insurance. Health Insurance includes the El Dorado Transit portion of providing health, vision and dental coverage to eligible employees. The El Dorado Transit employer contribution for employees is benchmarked on a specific product of the CalPERS plan covering unrepresented employees. The CalPERS plan coverage is for each calendar year therefore; premium increases would occur in January 2010. El Dorado Transit anticipates cost containment at the FY 2008/09 levels.

Workers Compensation. El Dorado Transit manages two (2) types of workers compensation coverage.

- Effective April 1, 2002, El Dorado Transit was covered through a Joint Powers Agreement as a member of the Special Districts Risk Management Authority (SDRMA). Final premium renewals/quotes are not available at this time.

- The new pool did not accept workers compensation claims open on May 30, 2002 therefore; El Dorado Transit was required to self-insure and hold funds for those claims. El Dorado Transit deposited the refunded funds from the initial pool to a trust fund to cover open claims. Bragg and Associates is the third party administrator managing the trust account and handling these claims. Bragg and Associates has closed ten (10) of the initial thirteen (13) open claims.

Service and Supply Accounts (based on FY 2008/09 level of service)

The preliminary budget was prepared using the same criteria that was utilized when preparing adjustments to decrease expenses in this budget unit by \$572,577. There is a ban on non-essential travel (any staff member attending a conference must receive 100% reimbursement from outside sources); office expenses are restricted; thermostats are turned off each Friday; subscriptions and most association memberships were cancelled. The preliminary FY 2009/10 budget assumes the continuation of the current level of service as a method of showing the \$1,221,268 shortfall. A final draft budget will be submitted for adoption following a public hearing on service cuts and other board direction.

PROPOSED SERVICE REDUCTIONS (14% reduction of transit services)

Staff is recommending that the board set a Public Hearing on April 2, 2009 for the regularly scheduled El Dorado Transit board meeting. Written comments will be accepted via US mail and email (mjackson@eldoradotransit.com) to be included in the public hearing report if received before 5:00 pm on March 26, 2009.

Proposed service reductions will be presented to the Transit Advisory Committee (TAC) on March 25, 2009 at 8:15 am (meeting at El Dorado Transit offices – 6565 Commerce Way, Diamond Springs, CA)

The following is a summary of the proposed service cuts. Please refer to the March 19, 2009 staff report 7 C for details.

- Reduce Iron Point Connector from seven (7) daily runs to four (4) runs
- Eliminate Grizzly Flat
- Discontinuation of Senior Day Care transportation
- Suspend one (1) weekday Dial-A-Ride
- Cut the two-day-a-week Sac-Med
- Discontinue all weekend public transportation
 - Suspend Saturday community bus service
 - Suspend Saturday and Sunday Dial-A-Ride

The above summary of proposed service changes would reduce expenses by \$888,350. To avoid additional service reductions of core transit services, an additional \$332,818 in cost

reductions or additional revenue is required to close the gap. El Dorado Transit management is preparing applications for federal and local funding as well as negotiating with employee groups regarding salary and benefit costs.

Staff is requesting the board set a Public Hearing for April 2, 2009 for public participation before acting on the proposed service changes.

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**EL DORADO COUNTY TRANSIT AUTHORITY
PROPOSED FISCAL YEAR 2009/2010**

OPERATING BUDGET		FY 2008/2009 Final Approved 06/05/2008	FY 2008/2009 Mid Year Approved 02/05/2009	FY 2009/2010 Preliminary Presented 03/05/2009
REVENUE ACCOUNTS				
4000.00	Transportation Development Act (TDA/LTF)	\$3,555,076	\$3,555,076	\$3,096,353
4270.00	State Transit Assistance (STA)	\$1,089,503	\$162,666	\$0
4970.00	Interest Income	\$150,000	\$110,000	\$110,000
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$464,750	\$491,432	\$491,432
4300.00	Farebox	\$129,000	\$155,000	\$160,000
4310.00	Contract Services	\$288,000	\$315,000	\$300,000
4320.00	Farebox - Charter	\$5,000	\$5,000	\$5,000
4330.00	Sac Commute Route Passes	\$525,000	\$610,000	\$610,000
4350.00	Bus Passes	\$59,000	\$69,000	\$70,000
4360.00	Scrip	\$73,000	\$69,000	\$69,000
4990.00	Misc Revenue	\$2,000	\$2,000	\$2,000
4107.00	Apple Hill Shuttle AB2766 Grant	Pending	\$47,128	Pending
4107.02	Spare the Air AB2766 Grant	\$37,100	\$26,190	\$59,375
4112.00	FTA Section 5307 Grant FY 07/08	\$200,000	\$100,000	\$0
4107.03	Fair Shuttle AB2766 Grant	Pending	\$24,521	Pending
4113.00	Federal Economic Recovery Funds			\$200,000
TOTAL REVENUES		\$6,577,429	\$5,742,013	\$5,173,160
SALARY & BENEFIT ACCOUNTS				
5010.00	Regular Employees	\$2,524,574	\$2,404,574	\$2,555,283
5010.02	Temporary Employees	\$184,618	\$184,618	\$184,618
5010.07	Overtime	\$100,000	\$80,000	\$80,000
5010.08	On Call Pay	\$15,000	\$10,000	\$10,000
5010.09	Skill and Shift Pay	\$28,500	\$28,500	\$28,500
5020.01	Employee Retirement	\$512,716	\$482,716	\$505,382
5070.01	(OASDI - Payroll Tax) FICA	\$12,075	\$12,075	\$12,075
5070.02	MEDICARE - Payroll Tax	\$35,280	\$36,780	\$40,000
5020.02	Health Insurance	\$553,049	\$575,000	\$594,000
5020.03	Unemployment Insurance	\$0	\$10,000	\$15,000
5020.04	LT Disability/Life Ins	\$23,217	\$23,217	\$23,217
5020.05	Worker's Comp	\$313,290	\$192,000	\$273,500
TOTAL SALARY & BENEFITS		\$4,302,319	\$4,039,480	\$4,321,575
SERVICE & SUPPLY ACCOUNTS				
5090.02	Clothing & Supplies	\$4,000	\$4,000	\$4,000
5090.05	Uniforms - Other	\$15,435	\$10,435	\$10,000
5050.01	Communications - Phone	\$32,550	\$26,000	\$24,000
5090.20	Communications - Radio	\$8,033	\$8,033	\$1,500
5090.01	Household Expenses	\$15,084	\$15,084	\$15,084
5060.01	Insurance Premiums/Public Liability	\$152,626	\$171,821	\$189,000
5060.02	Insurance Premiums/Physical Damage	\$20,844	\$11,635	\$13,962
5060.03	Insurance Premiums/Commercial Property	\$9,452	\$9,010	\$10,000
5090.06	Service Contracts/Equipment	\$29,844	\$34,000	\$54,000
5160.07	Park and Ride Maintenance	\$28,035	\$18,035	\$8,000
5160.01	Maintenance/Buildings	\$8,000	\$3,000	\$3,000
5160.05	Maintenance/Grounds	\$4,813	\$4,813	\$5,000
5160.09	Maintenance/Bus Stop	\$4,536	\$4,536	\$5,000
5160.00	Maintenance/Other	\$1,500	\$1,500	\$1,000
5040.00	Vehicle Maintenance (In-House)	\$254,100	\$254,100	\$205,000
5040.02	Vehicle Maintenance/Tires & Tubes	\$33,600	\$33,600	\$33,600
5040.03	Vehicle Maintenance/Lubricants	\$16,590	\$16,590	\$16,590
5040.04	Vehicle Maintenance/Small Tools - Shop	\$3,700	\$3,700	\$3,700
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$44,365	\$44,365	\$44,365
5090.40	Memberships	\$4,264	\$4,264	\$2,200
5090.70	Office Expense	\$22,050	\$15,000	\$15,000
5090.80	Postage	\$7,000	\$4,000	\$4,000
5030.00	Professional Services	\$150,000	\$80,000	\$80,000
5030.02	Background Checks	\$5,000	\$1,500	\$1,500
5090.08	Pubs/Legal Notices	\$5,513	\$3,000	\$2,000
5090.75	Printing	\$27,300	\$37,300	\$37,300
5120.02	Rents/Leases - Equipment	\$20,396	\$20,396	\$19,000
5120.03	Rents/Leases Park and Rides	\$21,802	\$2,500	\$2,000
5140.01	Equipment Purchase - Data Processing	\$3,465	\$3,465	\$3,000
5140.05	Equipment Purchase - Office	\$1,733	\$1,733	\$1,500
5150.00	Special Department Expense	\$1,617	\$2,500	\$2,500
5150.01	Marketing	\$60,000	\$30,000	\$20,000
5090.30	Staff Development/Travel	\$15,435	\$15,435	\$12,000
5040.01	Fuel Purchase	\$595,340	\$595,340	\$595,340
5090.72	Bank Charges	\$500	\$500	\$500
5050.02	Utilities	\$39,900	\$39,900	\$39,900
5050.03	Utilities/ MMTF	\$8,740	\$8,740	\$7,000
8500.00	Interest Expense	\$0	\$0	\$0
4108.00	Apple Hill Shuttle AB2766 Grant	Pending	\$51,143	Pending
4108.03	Fair Shuttle AB2766 Grant	Pending	\$0	Pending
6270.00	Contingency	\$597,948	\$111,560	\$581,312
TOTAL SERVICES AND SUPPLIES		\$2,275,110	\$1,702,533	\$2,072,853
TOTAL OPERATING EXPENSES		\$6,577,429	\$5,742,013	\$6,394,428

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