
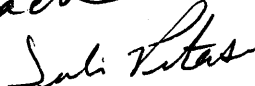


AGENDA ITEM 2 A
Action Item

MEMORANDUM

DATE: March 4, 2010

TO: El Dorado County Transit Authority
Transit Advisory Committee

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

SUBJECT: Fiscal Year 2009/10 Mid-Year Operating Budget
Adjustments

REQUESTED ACTION:
BY MOTION,

1. **Accept the El Dorado County Transit Authority Proposed Fiscal Year 2009/10 Mid-Year Operating Budget**
2. **Authorize Executive Director to Reduce Contingency line item by \$526,246 to offset Revenue Account losses**

BACKGROUND

The El Dorado County Transit Authority Proposed Fiscal Year 2009/10 Mid-Year Operating Budget is presented for consideration following the six (6) month closing. Section 8.9 of the Joint Exercise of Powers Agreement of the El Dorado County Transit Authority states that the Executive Director has the power "to execute transfers within major budget units, as long as the total expenditures of each major budget unit remain unchanged".

The adjustments presented are within the Executive Directors authority because the Fiscal Year 2009/10 Mid-Year adjustments include decreases in Revenue and Expense Accounts. Balancing the budget requires board approval to authorize the Executive Director to program 100% of the Contingency funds in the previously proposed 2009/10 budget totaling \$526,246. This is necessary to continue the current level of service with the significant loss of Local Transportation Funds (LTF).

The LTF is derived from a ¼ cent of the general sales tax collected statewide and is labeled as Transportation Development Act (TDA/LTF) in the El Dorado Transit budget.

Account adjustments requested are noted in bold in the attached proposed budget report.

DISCUSSION

Revenue Accounts

Net change is a decrease of \$826,888 in revenue

- Account 4000.00 Transportation Development Act (TDA) Local Transportation Fund (LTF): LTF is derived from one-quarter (1/4) of one (1) percent of sales tax collected within El Dorado County. As anticipated on December 4, 2009, the El Dorado County Transportation Commission (EDCTC) released a revised estimate for allocation as provided by the County Auditors office. This reduced the amount of LTF available by \$596,669 to fund existing services provided.
- Account 4970.00 Interest Income: Decrease based on first six (6) months actual. Use of deferred capital income to fund active capital acquisitions and lower interest rates has decreased account balances.
- Account 4100.00 FTA Section 5311: FTA operating assistance funding is allocated by formula based on population and urbanized/rural designation. The initial \$464,750 projection was based on the actual from the prior year budget. The revised amount of \$450,378 reflects the estimated programmed funding received from Caltrans for FY 2009/10. Decrease operating revenue of \$41,054.
- Account 4100.00 American Recovery and Reinvestment Act (ARRA) 5311 ADA: The preliminary budget was based on the submission of a contingency grant at the request of Caltrans. This grant was not awarded as all ARRA funds available were fully programmed; line item reduced to zero. Decreases operating revenue by \$76,913.
- Account 4300.00 Farebox: Decrease based on first six (6) months actual receipts.
- Account 4310.00 Contract Services: Increase based on first six (6) months actual income. Ridership for Motherlode Rehabilitation Enterprise (M.O.R.E.) clients is static however; as per contract, billable rate increased. This contract is due to expire June 30, 2010.
- Account 4330.00 Sacramento Commuter Route Passes: Decrease based on six (6) months actual receivables. State employee furloughs resulted in fewer passenger trips thereby reducing commuter pass revenue. As noted below, \$.50 scrip increased because commute passengers purchased the \$.50 scrip to use with the \$4.00 scrip when the fare increased on July 2009 to \$4.50 per one-way trip.
- Account 4350.00 Bus Passes: Decrease based on six (6) months actual receivables.
- Account 4360.00 Scrip: Increase is based on six (6) months actual. Fare increase revenue realized within the scrip account. Use of available product denominations from all passengers including the commuter routes during the transition period captured.
- Account 4990.00 Miscellaneous Revenue: Historically this amount is projected at the \$2,000 benchmark, adjusted to reflect actual \$400. at six (6) months.
- Account 4107.00 Apple Hill Shuttle Grant: This adjustment reflects the actual reimbursable grant funding amount approved by El Dorado County Air Quality

Management District (EDCAQMD) with a “Match-In-Kind” from the Apple Hill® Growers Association. Increases revenue account by \$46,212.

- Account 4107.02 Spare the Air Grant: This adjustment reflects the actual reimbursable grant funding amount as invoiced to the EDCAQMD. Initial grant incorporated funding for fourteen (14) possible Spare the Air days of service. There were only four (4) Spare-the-Air days therefore; the grant billing was \$48,065 less than the initial grant award.
- Account 4107.02 EDC Fair Shuttle: This amount reflects the actual reimbursable grant funding amount approved by EDCAQMD.

Salary and Benefits Accounts Net change is a decrease of \$190,089 in expenses

- Account 5010.02 Temporary Employees: Increase of \$10,000 based on six (6) month actual. Due to service cuts, long-term absences, stricter overtime guidelines and unfilled allocated positions, it was necessary to use extra help Transit Drivers more than initially planned.
- Account 5020.07 Overtime: Decrease is based on six (6) months actual. El Dorado Transit management utilized strict control of overtime that resulted in a reduction of \$30,000 in this budget line item.
- Account 5020.01 Employee Retirement: Decrease based on six (6) month actual due to expanded scheduling of temporary employees.
- Account 5020.02 Health Insurance: Decrease based on six (6) month actual expenses include credit received from CalPERS Health for a period of two (2) months.
- Account 5020.03 Unemployment Insurance: Decrease is based on first six (6) months actual reimbursable expenses.
- Account 5020.05 Workers Compensation Insurance: Decrease is based on first six (6) month actual premiums as well as credit achieved by staff participation in incentive program during prior fiscal year 2008/09.

Service and Supply Accounts Net change is a decrease of \$636,799 in expenses

The adjustments in each line item presented, are based on actual costs for the first six (6) months of fiscal year 2009/10 and a projection for the remaining six (6) months. El Dorado Transit management and staff have aggressively worked towards an overall reduction in costs since the last quarter of FY 2007/08.

- Account 5090.02 Clothing & Supplies: Decrease based on first six (6) month actual.
- Account 5090.05 Uniforms - Other: Decrease based on first six (6) month actual expense. Initial purchase of necessary items at the beginning of the fiscal year resulted in reduced quantity pricing opportunities.
- Account 5050.01 Communications - Phone: Decrease based on first six (6) month actual under the Calnet II contract.

- Account 5090.20 Communications - Radio: Decrease based on six (6) month actual expenses.
- Account 5060.01 Insurance Premiums/Public Liability: Decrease of \$43,301 is based on actual premium for current fiscal year.
- Account 5060.02 Insurance Premiums/Physical Damage: Increase of \$3,900 is based on actual premium.
- Account 5060.03 Insurance Premiums/Commercial Property: Increase of \$2,000 is based on actual premium costs; includes increase to value of employee tools covered.
- Account 5160.07 Service Contracts/Equipment: Increase based on first six (6) month actual. Original budget was based on hiring a part-time Information Technology Analyst; this service is contracted out.
- Account 5160.07 Park and Ride Maintenance: Decrease of \$3,500 based on first six (6) month expenses with new contractor.
- Account 5160.09 Maintenance/Bus Stop: Decrease based on first six (6) month actual.
- Account 5160.00 Maintenance/Other: Decrease based on first six (6) month actual.
- Account 5090.40 Memberships: Increase based on six (6) month actual.
- Account 5090.80 Office Expenses: Decrease based on first six month actual with stricter purchasing controls set in place.
- Account 5090.80 Postage: Decrease based on first six (6) month actual.
- Account 5030.00 Professional Services: Decrease based on first six (6) month actual.
- Account 5090.75 Printing: Increase based on first six (6) month actual capturing additional costs associated with fare increase project.
- Account 5150.01 Marketing: Decrease based on deferring planned projects in anticipation of funding loss; community outreach programs continue.
- Account 5090.30 Staff Development/Travel: Decrease based on six (6) month actual expenses with staff aggressively pursuing and receiving scholarship opportunities.
- Account 5040.01 Fuel Purchase: Decrease based on six (6) month actual plus conservative projections for the remaining six (6) months.
- Account 5050.02 Utilities: Decrease based on six (6) month actual with management and staff incorporating cost savings practices.
- Account 5050.03 Utilities/Park & Ride: Decrease based on six (6) month actual.
- Account 4108.00 Apple Hill Grant: Based on actual costs for Shuttle 2009.
- Account 6270.00 Contingency: Decrease includes loss of revenue from LTF, Interest Income, Federal Grant Awards and fare revenue.

FISCAL IMPACT

The loss of \$596,669 of LTF sales tax receipts to an annual budget of \$5.7 million is a significant impact to the El Dorado Transit Fiscal Year 2009/10 budget. The overall

revenue reduction of \$826,888 is a 14.25% decline from the original operating budget approved on June 4, 2009. The agency has experienced an overall budget reduction of 24.5% during the past eighteen (18) months of service from July 1, 2008 through December 31, 2009. Strategies to continue providing transit service included service cuts, fare increases and stricter expenditure controls.

El Dorado Transit is a joint powers agency and as such is not a general fund recipient from member agency's - County of El Dorado and City of Placerville and does not draw funding from the general funds of either member agency.

Although not anticipated, further loss of revenue may require El Dorado Transit to request early allocation of excess or carryover TDA, request the unprogrammed 2% of FY 2009/10 TDA allocated by the El Dorado County Transportation Commission (EDCTC) to the discretionary Pedestrian and Bicycle Facilities program, access agency reserve funds or reduce service.

In the last six (6) years, El Dorado Transit has claimed 100% of TDA funds available for the operation of public transit services. Approved annual budgets include a Contingency line item that amounts to ten-percent (10%) of annual projected operating expenses. The management team exercises careful control of the budget and expenses therefore; each year an independent audit noted deferred TDA revenue, commonly referred to as a "carryover". The "carryover" amounts vary based on events that may require some contingency funding however; there are carryovers each year. The Executive Director projects that unless there are significant unforeseen expenses, based on 6-month unaudited financial statements and the submitted attached El Dorado County Transit Authority Proposed Fiscal Year 2009/10 Mid-Year Operating Budget, there may be a remaining "carryover" from FY 2009/10 of approximately \$48,000 plus the \$75,000 carryover not claimed in FY 2009/10 leaving an estimated \$124,000 of carryover funds available for use in FY 2010/11.

El Dorado Transit claims TDA funds under the process defined within the Transportation Development Act Statutes and California Code of Regulations. The El Dorado County Transportation Commission (EDCTC), as the Regional Transportation Planning Agency (RTPA), approves the apportionment and allocation of TDA. The priority for allocation purposes, as identified by law are as follows:

1. Transportation Development Act fund administration (by EDCTC and County Auditor);
2. Planning and programming performed by EDCTC (up to 3% of the fund);
3. Pedestrian and bicycle projects (optional, up to 2% of the funds remaining, after administration and planning);
4. Rail passenger service operations and capital improvements/transit (mandatory with no limitation for services including new transit services that have been identified by the EDCTC as "unmet transit needs" that are "reasonable to meet"); and

5. Other transportation purposes (including additional transit and bicycle facilities, streets and roads). The EDCTC may only apportion “other transportation purposes” when all other uses of the funds have been exhausted.

Due to the unprecedented downturn in the economy, El Dorado Transit may consider requesting the EDCTC to allow the 2% Bike and Pedestrian allocation to support transit operations. The Executive Director had the opportunity to discuss the strategy of requesting the TDA Bike and Pedestrian funds with the EDCTC Policy Advisory Committee (PAC). PAC members supported this strategy if it does not establish precedence. No action would be required until such a time that El Dorado Transit has legitimate operating costs exceeding available operating revenue. With board approval, El Dorado Transit would request that the EDCTC consider allowing the Bike and Pedestrian funds to be allocated for transit operations for FY 2009/10.

El Dorado Transit holds operating reserves of \$590,000. Although available to backfill an operating deficit, this reserve typically pre-funds monthly expenses (payroll and accounts payable). The reserve account is replenished with receivables. This operating reserve could be utilized to fund long and short-term liabilities if necessary with service cuts or other legitimate costs to downsizing.

The FY 2009/10 mid-year budget adjustment report was balanced utilizing 100% of the Contingency line item however; as noted above, there are funding alternatives if the agency has budget shortfalls. El Dorado Transit staff recommends acceptance of the El Dorado County Transit Authority Proposed Fiscal Year 2009/10 Mid-Year Operating Budget and approval of authorization for the Executive Director to move contingency funds within budget as noted.

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

OPERATING BUDGET		FY 2009/2010 Final Approved 06/04/2009	FY 2009/2010 Mid year Presented 03/04/2010	Difference
REVENUE ACCOUNTS				
4000.00	Transportation Development Act (TDA/LTF)	\$3,096,353	\$2,499,684	-\$596,669
4000.00	Transportation Development Act (TDA/LTF) Carryover	\$266,823	\$266,823	\$0
4270.00	State Transit Assistance (STA)	\$0	\$0	\$0
4970.00	Interest Income	\$110,000	\$24,000	-\$86,000
4100.00	Federal Transit Administration (FTA) Section 5311 Grant	\$491,432	\$450,378	-\$41,054
4100.00	Federal American Recovery & Reinvestment (ARRA) 5311 PM	\$126,133	\$126,133	\$0
4100.00	Federal American Recovery & Reinvestment (ARRA) 5311 ADA	\$76,913	\$0	-\$76,913
4300.00	Farebox	\$212,000	\$160,000	-\$52,000
4310.00	Contract Services	\$350,000	\$369,000	\$19,000
4320.00	Farebox - Charter	\$5,000	\$5,000	\$0
4330.00	Sac Commute Route Passes	\$625,000	\$590,000	-\$35,000
4350.00	Bus Passes	\$98,000	\$80,000	-\$18,000
4360.00	Scrip	\$69,000	\$105,000	\$36,000
4990.00	Misc Revenue	\$2,000	\$400	-\$1,600
4107.00	Apple Hill Shuttle AB2766 Grant	Pending	\$46,212	\$46,212
4107.02	Spare the Air AB2766 Grant	\$59,375	\$11,310	-\$48,065
4107.03	Fair Shuttle AB2766 Grant	Pending	\$27,201	\$27,201
4113.00	Federal American Recovery & Reinvestment (ARRA) 5307 PM	\$200,000	\$200,000	\$0
TOTAL REVENUES		\$5,788,029	\$4,961,141	-\$826,888
SALARY & BENEFIT ACCOUNTS				
5010.00	Regular Employees	\$2,220,000	\$2,220,000	\$0
5010.02	Temporary Employees	\$90,000	\$100,000	\$10,000
5010.07	Overtime	\$80,000	\$50,000	-\$30,000
5010.08	On Call Pay	\$10,000	\$10,000	\$0
5010.09	Skill and Shift Pay	\$28,500	\$28,500	\$0
5020.01	Employee Retirement	\$467,000	\$440,000	-\$27,000
5070.01	(OASDI - Payroll Tax) FICA	\$7,000	\$7,000	\$0
5070.02	MEDICARE - Payroll Tax	\$35,500	\$35,500	\$0
5020.02	Health Insurance	\$581,325	\$551,325	-\$30,000
5020.03	Unemployment Insurance	\$25,000	\$15,000	-\$10,000
5020.04	LT Disability/Life Ins	\$23,217	\$23,217	\$0
5020.05	Worker's Comp	\$225,000	\$121,911	-\$103,089
TOTAL SALARY & BENEFITS		\$3,792,542	\$3,602,453	-\$190,089
SERVICE & SUPPLY ACCOUNTS				
5090.02	Clothing & Supplies	\$4,000	\$3,000	-\$1,000
5090.05	Uniforms - Other	\$10,000	\$6,500	-\$3,500
5050.01	Communications - Phone	\$24,000	\$23,000	-\$1,000
5090.20	Communications - Radio	\$1,500	\$500	-\$1,000
5090.01	Household Expenses	\$15,084	\$15,084	\$0
5060.01	Insurance Premiums/Public Liability	\$189,000	\$145,699	-\$43,301
5060.02	Insurance Premiums/Physical Damage	\$13,962	\$17,862	\$3,900
5060.03	Insurance Premiums/Commercial Property	\$10,000	\$12,000	\$2,000
5090.06	Service Contracts/Equipment	\$35,000	\$59,000	\$24,000
5160.07	Park and Ride Maintenance	\$8,000	\$4,500	-\$3,500
5160.01	Maintenance/Buildings	\$3,000	\$3,000	\$0
5160.05	Maintenance/Grounds	\$5,000	\$5,000	\$0
5160.09	Maintenance/Bus Stop	\$5,000	\$2,000	-\$3,000
5160.00	Maintenance/Other	\$1,000	\$500	-\$500
5040.00	Vehicle Maintenance (In-House)	\$205,000	\$205,000	\$0
5040.02	Vehicle Maintenance/Tires & Tubes	\$33,600	\$33,600	\$0
5040.03	Vehicle Maintenance/Lubricants	\$16,590	\$16,590	\$0
5040.04	Vehicle Maintenance/Small Tools - Shop	\$3,700	\$3,700	\$0
5040.80	Vehicle Maintenance/Sales Tax/ Fuel & Lub.	\$44,365	\$44,365	\$0
5090.40	Memberships	\$2,200	\$5,000	\$2,800
5090.70	Office Expense	\$15,000	\$11,000	-\$4,000
5090.80	Postage	\$4,000	\$3,000	-\$1,000
5030.00	Professional Services	\$80,000	\$65,000	-\$15,000
5030.02	Background Checks	\$1,500	\$1,500	\$0
5090.08	Pubs/Legal Notices	\$2,000	\$2,000	\$0
5090.75	Printing	\$34,000	\$37,000	\$3,000
5120.02	Rents/Leases - Equipment	\$19,000	\$19,000	\$0
5120.03	Rents/Leases Park and Rides	\$2,000	\$2,000	\$0
5140.01	Equipment Purchase - Data Processing	\$3,000	\$3,000	\$0
5140.05	Equipment Purchase - Office	\$1,500	\$1,500	\$0
5150.00	Special Department Expense	\$2,500	\$2,500	\$0
5150.01	Marketing	\$20,000	\$5,000	-\$15,000
5090.30	Staff Development/Travel	\$12,000	\$7,000	-\$5,000
5040.01	Fuel Purchase	\$595,340	\$500,000	-\$95,340
5090.72	Bank Charges	\$500	\$500	\$0
5050.02	Utilities	\$39,900	\$34,000	-\$5,900
5050.03	Utilities/ Park & Ride	\$7,000	\$11,000	\$4,000
8500.00	Interest Expense	\$0	\$0	\$0
4108.00	Apple Hill Shuttle AB2766 Grant	Pending	\$47,788	\$0
4108.03	Fair Shuttle AB2766 Grant	Pending	Pending	Pending
6270.00	Contingency	\$526,246	\$0	-\$526,246
TOTAL SERVICES AND SUPPLIES		\$1,995,487	\$1,358,688	-\$636,799
TOTAL OPERATING EXPENSES		\$5,788,029	\$4,961,141	-\$826,888

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