




April 27, 2011

TO: GCT Board of Directors

FROM: Steve L. Rosenberg   
Director of Administrative Services

RE: Receive and Discuss Staff Presentation on GCT's Draft Budget for FY 2011-12, and Consider Approval of Resolution No. 2011-03 to Modify the Implementation Date of a Fare Increase Scheduled for July 10, 2011 as Approved by Resolution 2009-09

---

## I. EXECUTIVE SUMMARY

Fiscal Year (FY) 2011-12 appears to be a year of transition for Gold Coast Transit. Ventura County's Local Transportation Fund (LTF) allocations are higher than the previous year and the "gas tax swap" implemented earlier this year has partially restored State Transit Assistance (STA) funding. While it is not clear that these funding sources will continue to recover into next fiscal year, GCT's members continue to support the provision of public transit in Western Ventura County, and have indicated interest in restoring some of the service reduced in the previous budget year.

While GCT no longer has access to American Recovery and Reinvestment Act of 2009 (ARRA) funding to support the operating budget and there has been no FTA funding reauthorization, GCT has approved funding for three route-specific grants totaling \$728,000 in FY11-12.

The Technical Advisory Council (TAC) met twice in April to review six different service scenarios with additional variations on funding and staffing assumptions. The TAC endorsed the scenario that included federally-funded services along with modest improvements to restore previously cancelled services and to reduce overcrowding and address tight schedules. The draft budget incorporates all existing service plus specific service restoration and improvements requested by our members, including:

- Restoration of the Route 6 service reduced in the FY10-11 budget, beginning in August 2011.
- New CMAQ-funded Route 17 (Vineyard Corridor-Rose Ave) to begin service January 2012
- Restructure of existing Route 15 into new Route 14 (Nyeland Acres-Riverpark) and Route 15 (El Rio/Northeast), beginning in August 2011.
- JARC-funding for the previously-implemented existing Route 19 (Gonzales-Lombard) and the new Route 20, an a.m. reverse commute shuttle between the

- OTC and job sites in Seagate Industrial Park (Goodwill), beginning August 2011.
- Improve headways on Route 1 from every 25 minutes to every 20 minutes, beginning January 2012
  - Improve Route 5 schedules (cost neutral), beginning August 2011

The FY11-12 GCT draft operating budget presented for review and discussion is \$18,037,900. While this is an increase of 6.9% over FY10-11, the budgeted cost per revenue hour is 3.6% less than FY10-11 and the budgeted cost per revenue mile is 7.3% less than FY10-11.

GCT staff at the April Board meeting discussed the possibility of adding a number of new staff positions to support the proposed service increase and begin the process of "right-sizing" the agency. The Board directed staff to review these positions with the TAC and return with a recommendation, which we have done. The TAC, in its second April meeting, voted to recommend a budget including the service improvements noted above and three (3) additional staff positions; one transit planner, one customer service assistant and one transit supervisor. These positions are discussed in more detail in a memo which is Attachment B to this report. The vote was not unanimous, with representatives from Ventura, Oxnard and Port Hueneme recommending the proposals. Representatives from Ojai and Ventura County opposed the proposal, preferring to add the service without increasing the number of GCT staff positions.

A summary of the draft FY 2011-12 operating budget follows as Attachment A to this report.

GCT staff also requested and received TAC's recommendation for a proposal to modify the implementation date for the previously-approved fare increase from \$1.35 to \$1.50. Board Resolution 2009-09 specified July 10, 2011 as the implementation date, however, staff is now recommending the fare increase be implemented coincident with the planned service change on August 21, 2011.

**It is recommended that the Board of Directors receive and discuss the staff presentation on GCT's draft budget for FY 2011-12 and consider approval of Resolution No. 2011-03 to modify the implementation date of a previously-approved fare increase from July 10, 2011 to August 21, 2011.**

## II. BACKGROUND

Following is a discussion of the premises for each of the major components of GCT's draft FY 2011-12 operating budget.

### Revenue

GCT's FY11-12 operating revenue of \$18,037,900 consists of \$10,705,600 (59%) local funds (LTF and non-TDA route guarantee fare revenue contribution from member agencies), \$3,994,100 (22%) federal funds (current and prior year grant funding), \$2,985,200 (17%) passenger fare receipts, \$190,000 (1%) State Transit Assistance

funds, and \$163,000 (1%) advertising and other revenues. The following premises were used in establishing this budget:

- FY11-12 FTA 5307 formula grant funding will be 10% lower than in FY10-11
- Board approval for FY10-11 budget change deferring \$350,000 in federal revenue to FY11-12
- LTF funds will be at the levels approved by VCTC in March 2011.
- Previously approved fare increase is implemented in August 2011
- Full use of three route-specific federal grants totaling \$728,000

### Service

GCT's FY11-12 operating budget is based on the provision of 163,909 revenue service hours, an increase of 10.9% from the FY10-11 premise of 147,815 revenue service hours, and 1,765,891 revenue service miles, an increase of 15.4% from the FY10-11 premise of 1,530,869 revenue service miles. The service improvements are as listed in the Executive Summary section.

### Personnel

The budget issue most thoroughly discussed by the TAC was the proposed addition of three staff positions; one (1) transit planner, one (1) customer service assistant and one (1) transit supervisor. The justification for these positions is thoroughly discussed in a memo which is included as Attachment B to this report.

### Labor Costs

A core premise of GCT's FY11-12 operating budget is that GCT employees will receive no salary or wage increases in FY11-12, and that any increase to GCT's contribution to medical insurance cost will be offset by equivalent budget savings. CalPERS has increased GCT's pension contribution rate by 9% in FY11-12. The budget also provides increased funding for GCT's unemployment insurance costs, which were substantially higher in FY10-11 than in previous years.

GCT is currently involved in extended labor negotiations with SEIU Local 712, which represents approximately 85% of GCT employees. GCT's current MOUs expired on November 1, 2010.

### Other Expenses

GCT's FY11-12 fuel budget premise is that natural gas will increase in FY11-12 but not substantially. The target price is based on 20% above the April 1, 2011 price. GCT last year used 10% above the 12-month moving average as a price estimate; however we have increased our conservatism for FY11-12 based on several factors. The natural gas market has become increasingly volatile over the past several years, the past

twelve months have produced historically low pricing levels, and the market appears to be turning upward at this time (March prices rose over 8% and the trend has continued during April). GCT's budgeted fuel cost is offset by two quarters of the Alternative Fuel Tax Credit which in December 2010 was extended through December 2011.

Maintenance line items where budget increases are premised are bus parts and contract bus repair, reflecting the end of the five-year extended warranties on our twenty-six (26) New Flyer buses as well as an observed trend of higher parts prices. One administrative line item where significant budget increases are premised is legal costs, reflecting the FY10-11 level of required legal services which is anticipated to continue.

### **III. RECOMMENDATIONS**

**It is recommended that the Board of Directors receive and discuss the staff presentation on GCT's draft budget for FY 2011-12, and consider approval of Resolution No. 2011-03 to modify the implementation date of a previously-approved fare increase from July 10, 2011 to August 21, 2011.**

Concurrence:



---

Steven P. Brown  
General Manager

## **RESOLUTION 2011-03**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF GOLD COAST TRANSIT AUTHORIZING MODIFICATION OF THE IMPLEMENTATION DATE OF A FARE INCREASE PREVIOUSLY APPROVED BY RESOLUTION 2009-09 FROM JULY 10, 2011 TO AUGUST 21, 2011**

WHEREAS, the Board of Directors of Gold Coast Transit (GCT) approved Board Resolution 2009-09 on December 2, 2009; and

WHEREAS, Board Resolution 2009-09 implemented a two-phase fare increase for fixed route bus and ACCESS paratransit services, with the first phase effective on January 24, 2010 and the second phase effective on July 10, 2011; and

WHEREAS GCT staff did solicit and receive public input by advertising and holding a public meeting and the GCT Board did solicit and receive public input by receiving comments submitted to staff as well as by holding a public hearing prior to approving Board Resolution 2009-09; and

WHEREAS the implementation date of July 10, 2011 was intended to coincide with GCT's summer service change, which was formerly implemented in July but is now implemented in August; and

WHEREAS staff time and implementation costs associated with the fare increase would be substantially higher and public communication efforts would be substantially more difficult if the fare increase and the schedule change were done on different schedules,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Gold Coast Transit:

1. That the effective date for the second phase of the fare increase approved by Board Resolution 2009-09 be modified from July 10, 2011 to August 21, 2011.
2. That no other changes be made to Board Resolution 2009-09.

RESOLUTION 2011-03

PASSED AND ADOPTED THIS 4<sup>th</sup> day of May, 2011.

\_\_\_\_\_  
Jonathan Sharkey  
Board Chair

ATTEST:

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of Directors of Gold Coast Transit at a regular meeting thereof; held on the 4<sup>th</sup> day of May, 2011.

\_\_\_\_\_  
Steven P. Brown  
General Manager