



June 4, 2014

TO: GCT Board of Directors

**Item #10**

FROM: Steve L. Rosenberg *SLR*  
Director of Finance and Administration

RE: Consider Approval of Change to the GCT FY 2013-14 Operating Budget and Capital Reserve Contribution

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## I. EXECUTIVE SUMMARY

GCT's operating budget for fiscal FY 2013-14 projects to be substantially under budget at year end as the result of a number of variances from our original budget premises in our core cost areas of fuel, operations and maintenance. The budget also benefitted from extended periods during which certain staff positions were vacant.

In fuel, during the first six months of FY 2013-14 natural gas prices were at an all-time low. In Operations, the improvements in GCT's scheduling efficiency that we started to experience at the end of FY 2012-13 had a more positive impact than anticipated. In Maintenance, periodic staffing vacancies throughout the year and less non-warranty contract repair work than expected have resulted in lower-than projected expenditures. The Administration and Planning & Marketing Departments had funded positions that went unfilled for extended periods during the year.

Historically it has been GCT's practice to structure its budget to include an annual carryover in the \$1 million to \$1.5 million range, with the carryover being returned to members in the budget year following the audit, in accordance with TDA guidelines. For FY 2013-14, the impact of these positive occurrences would result in GCT finishing the year in excess of this range; most likely in the \$1.7M - \$1.9M range. Staff recommends a change to the FY 2013-14 Operating Budget which would reduce the overall budget by \$500,000, adjusting certain expense accounts that project a positive variance as a result of these occurrences. The proposal is to defer \$225,000 in local (non-TDA) revenue to support farebox recovery ratio (FBRR) efforts in a future year, redeploy \$250,000 in TDA revenue from the Operating Budget to Capital Reserve, and defer \$25,000 in CMAQ grant revenue to a future year.

This action would still leave GCT with a carryover amount in the range of our normal expected range. It would provide additional local (non-TDA) funding support for the next budget year while managing to our farebox recovery ratio target, provide a substantial funding increment to the Capital Reserve account in support of the new

facility project, and support the deferral of a small increment of Federal grant revenues to next year.

**It is recommended that the Board of Directors approve a change to the FY13-14 GCT Operating Budget reducing expenses by \$500,000, redeploying \$250,000 in TDA revenues from the Operating Budget to a Capital Reserve contribution, deferring \$225,000 in local (non-TDA) revenue and deferring \$25,000 in Federal CMAQ grant revenues.**

## II. BACKGROUND

The Board of Directors in June 2013 approved GCT's FY13-14 operating budget of \$20,616,400. As a result of having realized a positive variance in a number of labor and expense categories, staff recommends budget changes as described above. The accounts and budget adjustment amounts are as follows:

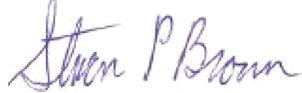
<b>REVENUES</b>	<u>Current Budget</u>	<u>Proposed Budget</u>	<u>Change</u>
TDA for Operating	\$11,636,300	\$11,386,300	(\$250,000)
Local Govt Transit Fares - Fixed Route	\$565,000	\$390,000	(\$175,000)
Local Govt Transit Fares - Paratransit	\$80,000	\$30,000	(\$50,000)
Federal CMAQ - Victoria Route	\$683,000	\$658,000	(\$25,000)
			(\$500,000)
<b>EXPENSES</b>			
Fuel - Fixed Route	\$587,400	\$487,400	(\$100,000)
CNG Fuel Station	\$130,000	\$100,000	(\$30,000)
Cont. Maint Svc. - Veh. Maint.	\$250,000	\$150,000	(\$100,000)
Labor - Operations	\$5,294,800	\$5,194,800	(\$100,000)
Pension Exp. - Operations	\$1,273,100	\$1,253,100	(\$20,000)
Labor - Veh. Maintenance	\$1,116,900	\$1,076,900	(\$40,000)
Labor - Non-Veh. Maintenance	\$71,000	\$61,000	(\$10,000)
Labor - Administration	\$841,700	\$781,700	(\$60,000)
Pension Exp.- Administration	\$202,500	\$197,500	(\$5,000)
Labor - Planning & Marketing	\$459,200	\$429,200	(\$30,000)
Pension Exp.- Planning & Marketing	\$105,500	\$100,500	(\$5,000)
			(\$500,000)
<b>TDA</b>	<u>Current Budget</u>	<u>Proposed Budget</u>	<u>Change</u>
To Operating	\$11,636,300	\$11,386,300	(\$250,000)
To Capital	\$500,000	\$750,000	<u>\$250,000</u>
			\$0
<b>FEDERAL GRANTS</b>		<u>Deferred to Future Year</u>	
Federal CMAQ - Victoria Route		\$25,000	

The Board has the option of taking no action, which would result in GCT's FY 2013-14 Operating Budget finishing the year with an unusually high positive budget variance, with the funds becoming part deferred revenue for future years. The recommended option provides some deferred local (non-TDA) revenue to support future year farebox recovery ratio requirements as well as an additional infusion into capital reserve.

### III. RECOMMENDATION

**It is recommended that the Board of Directors approve a change to the FY13-14 GCT Operating Budget reducing expenses by \$500,000, redeploying \$250,000 in TDA revenues from the Operating Budget to a Capital Reserve contribution, deferring \$225,000 in local (non-TDA) revenue and deferring \$25,000 in Federal CMAQ grant revenues.**

Concurrence:



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Steven P. Brown  
General Manager