



May 7, 2014

Item #10

TO: GCT Board of Directors

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

RE: Receive and Discuss Staff Presentation on GCT's Proposed Operating Budget for FY 2014-15

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## I. EXECUTIVE SUMMARY

Fiscal Year (FY) 2014-15 will be a year of transition, as GCT moves from being a joint powers authority to being a transit district. As a result, GCT has first call on Local Transportation Funds (LTF) allocated to its members. GCT's new bylaws will provide a process for members to receive LTF funding from GCT for their other transit requirements, and GCT may retain the remainder of its LTF allocation. This is a substantive change in budgeting methodology, as GCT no longer has to budget in accordance with each member's individual ability to cover the costs allocated based on revenue miles served in each jurisdiction.

Local Transportation Fund (LTF) revenue is GCT's primary funding source. The preliminary estimate of Local Transportation Fund (LTF) revenue receipts for GCT's members is 4.1% lower than the June 2013 allocation. After GCT allocates funds for GCT members' other transit funding requirements, the preliminary estimate is that GCT will receive \$697,747 more in LTF than GCT received from its members in FY13-14. GCT's FY14-15 Federal 5307 Transit funding is projected to be \$100,000 higher than in FY13-14; however existing Federal funding supporting specific routes, such as Congestion Mitigation Air Quality (CMAQ) demonstration projects and Jobs Access Reverse Commute (JARC) grant funding, is down \$239,600 from FY13-14.

The preliminary FY14-15 GCT operating budget being presented for review and discussion is \$21,896,900, a 6.2% increase from the FY13-14 budget. The Operating Budget increase from FY13-14 is primarily due to cost increases in a few core expense line items, including fuel and paratransit services, which combined make up 72% of the \$1.28M increase. Other line items with an increase include repair parts, workers' compensation costs, marketing and wages and benefits. The budget includes increased service of 2,374 additional revenue service hours (RSH), a 1.2% increase, covering an additional 15,560 revenue service miles (RSM), a .8% increase. The service level increase is primarily a result of service changes implemented in August 2013 being in place for a full twelve months in FY14-15.

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The Technical Advisory Committee (TAC) met in April to review GCT's service provision and budget proposal. TAC members concurred with GCT's proposal. The Board Budget and Finance Ad Hoc Committee met on April 18, 2014 to review GCT's service provision and budget proposal, and the committee recommended presenting them to the full Board.

From a headcount perspective, the FY14-15 operating budget is limited to all previously approved staff positions; any additional personnel will be limited to Maintenance and Bus Operations. The most notable undetermined factor for FY14-15 continues to be GCT's Memoranda of Understanding (MOU) with Service Employees International Union Local (SEIU) 721, which expired on November 1, 2013 and have been in negotiations since October 2013. GCT's represented employees have not had a wage rate increase since November 2009. The FY14-15 budget includes funding for a modest wage increase.

A summary of the draft FY14-15 operating budget follows as Attachment "A" to this report.

**It is recommended that the Board of Directors receive and discuss the staff presentation on GCT's draft budget for FY 2014-15.**

## **II. BACKGROUND**

Following is a discussion of the premises for each of the major components of GCT's draft FY 14-15 operating budget.

### Revenue

GCT's transition from a JPA to a Transit District means that GCT has first call on LTF allocated to its members, and may retain funds not required for other transit requirements. This should eventually increase the overall amount of LTF available to GCT. The FY14-15 budget will establish a baseline for recurring transit requirements for each member, and each member is limited to how much the recurring transit requirements can increase from year to year without GCT Board approval. For FY14-15, however, the overall amount of LTF funds generated by GCT's members is down 4.1% from the original FY13-14 allocation and 18.1% from the adjusted mid-year allocation that included additional one-time funds. In total, the net amount of LTF that GCT is projected to receive in FY14-15 is \$697,000 more than what GCT requested in FY13-14. The LTF Allocation follows as Attachment "B" to this report.

GCT's Federal transit funding is authorized by the two-year MAP-21 legislation that is set to expire at the end of the current Federal fiscal year. For FY14-15 under the Federal Section 5307 formula, GCT's allocation is \$100,000 higher than in FY13-14. This includes the formula allocations for funds such as JARC and State of Good Repair, which were formerly used for larger project or earmark-type awards. As a result, GCT's formula funding remains relatively constant, however funding sources for which GCT and other agencies would previously compete for capital additions or adding new routes are

no longer available for those purposes. In addition, GCT will be allocating \$471,200 in prior year preventive maintenance and paratransit grant funds to supplement current year funding. In FY14-15 funds from existing Federal grants for specific new routes (CMAQ and JARC) are down \$239,600, from \$1,367,800 in FY13-14 to \$1,128,200 in FY14-15.

Passenger fare revenues are projected to increase in FY14-15; fixed route fares are projected to increase 4% from the FY13-14 budget and paratransit fare revenues, as the result of a projected sharp increase in ridership, are projected to increase 34% from the FY13-14 budget.

GCT's FY14-15 operating revenue of \$21,896,900 consists of \$12,648,700 (58%) in local funds (LTF and non-TDA route guarantee fare revenue contribution from member agencies), \$5,439,400 (25%) in federal funds (current and prior year formula grant funding plus route-specific CMAQ and JARC program funds), \$3,217,800 (15%) in passenger fare receipts, \$250,000 (1%) in current and prior year State Transit Assistance funds, \$225,000 (1%) in advertising sales, \$100,000 in Medi-Cal trip reimbursements and \$16,000 in other revenues. The following premises were used in establishing this budget:

- LTF funds will be at the levels published by VCTC in February 2014.
- FY14-15 Federal transit funds will be \$100,000 higher than in FY13-14
- STA will be funded per current State Controller's estimate
- Advertising revenue budget will increase from \$200,000 to \$225,000
- Full use of three route-specific federal grants totaling \$1,128,200
- GCT will supplement farebox with Non-TDA Route Guarantee funds; \$300,000 from Oxnard in FY14-15 and \$50,000 carried over from FY12-13. Other revenue sources which supplement fare box are \$225,000 in Advertising Revenue (Local Support) funds and \$100,000 in Medi-Cal paratransit trip reimbursement funds. Following TDA guidelines, GCT has adjusted costs and revenue to exclude new routes (three years or less) to meet state farebox ratio requirements.

### Service

GCT's FY14-15 operating budget is based on the provision of 198,165 revenue service hours (RSH), an increase of 1.2% from the FY13-14 premise of 195,791 RSH, and 2,071,251 revenue service miles (RSM), an increase of .8% from the FY13-14 premise of 2,055,691 RSM. A chart showing revenue hours and revenue miles by jurisdiction is included as Attachment "C" to this report.

### Fuel

GCT's FY14-15 fuel budget reflects a 73% increase from the FY13-14 budget. The sharp increase is the result of two factors. The current price premise is 37% above the FY13-14 budget price premise as a result of the recent upturn in the natural gas market. The budget target price is based on 15% above the March 2014 rate, which is the highest month since 2008. GCT historically builds in a level of conservatism based on

the volatile nature of the natural gas market. The second factor is the expiration of the Alternative Fuel Excise Tax Credit on December 31, 2013. This credit was offsetting GCT's fuel cost by \$95-\$110K per quarter.

### Paratransit Service

GCT's paratransit service contract budget for FY14-15 is 20% higher than the FY13-14 budget. This reflects a projected 24% increase in ridership from the FY13-14 premise, based on the increased ridership we have been seeing throughout this year.

### Labor Costs

Labor cost increases as compared to the FY13-14 budget will be minimal. Staff positions are projected to be limited to those already approved by the Board either by staff report or as part of the FY13-14 budget. Modest wage increases were projected as part of the FY13-14 budget; however negotiations between GCT and SEIU 721, which represents over 80% of GCT's current workforce, have been ongoing since October 2013. The Board in April 2014 did approve a 2% general wage increase for non-represented personnel, the first general wage increase for this group in over five years. The Board also approved for non-represented personnel the gradual transition of Employer-paid member pension contributions (EPMC) from GCT to the employees, with a wage increase offset of 1.5% for the first 2% paid by the employees, effective in July 2014. Regarding pension costs, GCT's CalPERS employer rate will increase .754%, from 14.967% in FY13-14 to 15.721% in FY14-15.

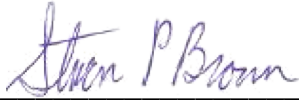
### Other Expenses

Other expenses that contribute to the increase in GCT's operating costs include workers' compensation, marketing and repair parts. GCT obtains workers' compensation coverage through the California State Association of Counties (CSAC) insurance pool, and CSAC's current budgeting estimate for GCT's FY14-15 coverage is \$934,000, \$74,000 higher than the budget for FY13-14. This is due to a higher GCT payroll and industry-wide rate increases. GCT's marketing budget is \$64,000 higher than the FY14-15 budget primarily due to a number of initiatives, including updating the system guide-a-ride panels, a planned redesign of the GCT website and an increased public information campaign to coincide with our transition from a JPA to a District. GCT's repair parts budget is up 14%, an increase of \$82,000, due primarily to some major components having gone out of warranty and a move to gradually bring more major repair work in-house.

## **III. RECOMMENDATIONS**

**It is recommended that the Board of Directors receive and discuss the staff presentation on GCT's draft budget for FY 2014-15.**

Concurrence:

A handwritten signature in blue ink that reads "Steven P. Brown". The signature is written in a cursive style and is positioned above a horizontal line.

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Steven P. Brown  
General Manager

## Attachment "A"

**Gold Coast Transit**  
**Operating Budget Summary - Preliminary Budget**  
**July 1, 2014 to June 30, 2015**

<u>Operating Revenues</u>	<u>FY12-13</u>	<u>FY12-13</u>	<u>FY13-14</u>	<u>Proposed</u>	<u>% +/-</u>	<u>\$ +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY15 vs.</u>	<u>FY15 vs.</u>
				<u>FY14-15</u>	<u>FY14</u>	<u>FY14</u>
Passenger Fares-Fixed Route	\$2,845,700	\$2,708,046	\$2,870,000	\$2,993,700	+4.3%	\$123,700
Passenger Fares-Paratransit	\$155,800	\$170,054	\$166,600	\$224,100	+34.5%	\$57,500
Special Transit Fares (FR) - Member Gov'ts	\$440,000	\$200,000	\$565,000	\$350,000	(38.1%)	(\$215,000)
Special Transit Fares (PT) - Member Gov'ts	\$80,000	\$70,000	\$80,000	\$0	(100.0%)	(\$80,000)
Interest	\$12,000	\$15,758	\$18,000	\$15,000	(16.7%)	(\$3,000)
Advertising Income	\$180,000	\$219,932	\$200,000	\$225,000	+12.5%	\$25,000
Other	\$1,000	\$11,931	\$1,000	\$1,000	+0.0%	\$0
Operating Assistance-State	\$200,000	\$191,613	\$192,000	\$250,000	+30.2%	\$58,000
Operating Assistance-Local (LTF)	\$10,278,800	\$8,976,087	\$11,636,300	\$12,298,700	+5.7%	\$662,400
Other Local/State Assistance	\$0	\$4,463	\$0	\$0	N/A	\$0
Demo Project - Market-Valentine Shuttle	\$0	\$487	\$0	\$0	N/A	\$0
Demo Project - Vineyard Corridor Route	\$558,200	\$504,993	\$574,800	\$297,200	(48.3%)	(\$277,600)
Demo Project - Victoria Route	\$196,300	\$196,300	\$683,000	\$701,500	N/A	\$18,500
JARC Funding For Route 19	\$0	\$14,771	\$0	\$0	N/A	\$0
JARC Funding For Route 20	\$0	\$0	\$110,000	\$129,500	N/A	\$19,500
Operating Assistance-Federal	\$0	\$118,637	\$1,000,000	\$1,100,000	N/A	\$100,000
Preventive Maintenance-Federal	\$1,408,000	\$1,408,000	\$1,500,000	\$1,835,000	+22.3%	\$335,000
Paratransit Assistance-Federal	\$922,900	\$922,900	\$940,000	\$1,030,000	+9.6%	\$90,000
Planning Assistance-Federal	\$590,000	\$590,000	\$80,000	\$346,200	+332.8%	\$266,200
Medi-Cal Reimbursement / Paratransit	\$0	\$0	\$0	\$100,000	N/A	\$100,000
Other Fed Grants and Reimbursements	\$0	\$34,087	\$0	\$0	N/A	\$0
<b>TOTAL</b>	<b>\$17,868,700</b>	<b>\$16,358,059</b>	<b>\$20,616,700</b>	<b>\$21,896,900</b>	<b>+6.2%</b>	<b>\$1,280,200</b>
<u>Operating Expenses</u>	<u>FY12-13</u>	<u>FY12-13</u>	<u>FY13-14</u>	<u>Proposed</u>	<u>% +/-</u>	<u>\$ +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY15 vs.</u>	<u>FY15 vs.</u>
				<u>FY14-15</u>	<u>FY14</u>	<u>FY14</u>
<b>FUNCTIONAL CATEGORIES</b>						
Employee Support	13,227,000	12,235,200	15,061,300	15,238,600	+1.2%	177,300
Service/Supplies - Operational	3,862,600	3,441,781	4,517,500	5,611,900	+24.2%	1,094,400
Service/Supplies - Support	1,019,100	961,493	1,037,900	1,046,400	+0.8%	8,500
<b>DEPARTMENT CATEGORIES</b>						
Fixed Route	9,867,100	9,171,277	11,460,200	11,948,900	+4.3%	488,700
Paratransit	2,261,600	2,233,641	2,434,800	2,974,200	+22.2%	539,400
Maintenance	3,154,200	2,471,205	3,462,800	3,587,300	+3.6%	124,500
Administration	2,011,400	1,918,049	2,331,400	2,414,700	+3.6%	83,300
Planning and Marketing	814,400	848,095	927,500	971,800	+4.8%	44,300
<b>TOTAL</b>	<b>18,108,700</b>	<b>16,642,267</b>	<b>20,616,700</b>	<b>21,896,900</b>	<b>+6.2%</b>	<b>1,280,200</b>
Total Fixed Route	15,847,100	14,408,626	18,181,900	18,922,700	+4.1%	740,800
Total Paratransit	2,261,600	2,233,641	2,434,800	2,974,200	+22.2%	539,400
Farebox Recovery Ratio	19%	18%	17%	18.9%		-8.9%
FRR Fixed Route	21%	20%	20%	20.3%		-8.9%
FRR Paratransit	10%	11%	10%	11.2%		-4.2%

Attachment "B"

TDA - LTF REVENUE PROJECTIONS		TOTAL	OJAI	OXNARD	PORT		VENTURA COUNTY
					HUENEME	VENTURA	
February 2014 Prelim Revenue Projection		\$14,251,907	\$247,139	\$6,576,456	\$721,117	\$3,545,795	\$3,161,400
<i>Ojai Trolley TDA Funds</i>	<i>Ojai</i>	<i>(\$108,790)</i>	<i>(\$108,790)</i>				
<i>OTC Operation &amp; Maintenance</i>	<i>Oxnard</i>	<i>(\$450,000)</i>		<i>(\$450,000)</i>			
<i>VTC Operation &amp; Maintenance</i>	<i>Ventura</i>	<i>(\$250,000)</i>				<i>(\$250,000)</i>	
<i>Recurring Bus Stop Maintenance</i>	<i>Oxnard/P.H.</i>	<i>(\$80,000)</i>		<i>(\$50,000)</i>	<i>(\$30,000)</i>		
<i>Bus Stop Amenities</i>	<i>Port Hueneme</i>	<i>(\$25,000)</i>			<i>(\$25,000)</i>		
<i>Transit Service - Heritage Valley</i>	<i>Ventura County</i>	<i>(\$583,000)</i>					<i>(\$583,000)</i>
<i>Transit Service - Oak Park D-A-R</i>	<i>Ventura County</i>	<i>(\$150,000)</i>					<i>(\$150,000)</i>
<i>Transit Service - Ojai Trolley</i>	<i>Ventura County</i>	<i>(\$166,195)</i>					<i>(\$166,195)</i>
<i>Transit Service - T.O. D-A-R</i>	<i>Ventura County</i>	<i>(\$75,000)</i>					<i>(\$75,000)</i>
<i>Transit Service - Kanan Road Shuttle</i>	<i>Ventura County</i>	<i>(\$550,000)</i>					<i>(\$550,000)</i>
<b>TOTAL - BASELINE FOR RECURRING TRANSIT REQUIREMENTS</b>		<b>(\$2,437,985)</b>	<b>(\$108,790)</b>	<b>(\$500,000)</b>	<b>(\$55,000)</b>	<b>(\$250,000)</b>	<b>(\$1,524,195)</b>
<b>LTF Amount Available for GCT</b>		<b>\$11,813,922</b>	<b>\$138,349</b>	<b>\$6,076,456</b>	<b>\$666,117</b>	<b>\$3,295,795</b>	<b>\$1,637,205</b>

<b>LTF Amount Available for GCT</b>	<b>\$11,813,922</b>
ADD:	
LTF Carryover from GCT FY 12-13 Operations	<u>\$1,302,713</u>
<b>TOTAL LTF AVAILABLE FOR GCT FY2014-15 OPERATIONS</b>	<b>\$13,116,635</b>
ADD:	
FY14-15 NON-TDA Revenues Provided by Members	\$300,000
Prior Year NON-TDA Revenues	<u>\$50,000</u>
<b>TOTAL TDA &amp; LOCAL AVAILABLE FOR GCT</b>	<b>\$13,466,635</b>
<b>LESS: GCT TDA &amp; LOCAL Funding for Operations</b>	
FY 2014-15 TDA Allocated to GCT Operations	(\$12,298,700)
FY 2014-15 Non-TDA Allocated to GCT Operations	(\$300,000)
Prior Year Carryover Non-TDA Allocated to GCT Operations	<u>(\$50,000)</u>
<b>TOTAL TDA &amp; Local Allocated to GCT Operations</b>	<b>(\$12,648,700)</b>
Funds Available for Capital or Reserve	<u><b>\$817,935</b></u>
<u>Member Transit Facility Capital - Funded Items</u>	
<i>Install/Upgrade Bus Stops/Shelters - Ventura County</i>	\$75,000
<i>Install/Upgrade Bus Stops/Shelters - Port Hueneme</i>	\$69,500
<i>Bus Stop / OTC Capital Projects - Oxnard (Swap for Non-TDA Funds)</i>	<u>\$300,000</u>
	\$444,500
<u>Contributions for Reserve Funds</u>	
<i>Member Transit Facility Capital Reserve Fund</i>	\$80,000
<i>GCT Capital Reserve Fund</i>	\$250,000
<i>GCT Operating Reserve Fund</i>	<u>\$43,435</u>
	\$373,435
<b>TOTAL TDA &amp; LOCAL Funding Allocations</b>	<u><b>\$817,935</b></u>

Attachment "C"

**REVENUE MILES AND HOURS FOR FY2014-15**

Route	TOTAL Revenue Hours for Year			
	Revenue Hours	RSH last year	change	chg %
1 Port Hueneme - Oxnard Transit Center	20,936	20,992	(55)	-0.26%
2 Colonia - Downtown Oxnard	5,368	5,421	(53)	-0.99%
3 J St - Centerpoint Mall - Naval Base	5,112	5,112	-	0.00%
4 North Oxnard - Ventura Rd - St. John's	14,468	14,468	-	0.00%
5 Hemlock - Seabridge - Wooley	5,283	5,367	(85)	-1.58%
6 Oxnard - Ventura - Main St	40,406	40,398	9	0.02%
7 Oxnard College - Centerpoint Mall	5,077	5,077	-	0.00%
8 OTC- Oxnard College - Centerpoint Mall	10,842	10,842	-	0.00%
9 Lemonwood - Channel Islands	5,036	5,036	-	0.00%
10 Pacific View Mall - Telegraph -Saticoy	7,503	7,503	-	0.00%
11 Pacific View Mall - Telephone - Wells	13,086	12,491	596	4.77%
14 Esplanade - St. John's - Nyeland Acres	7,835	8,056	(221)	-2.75%
15 Esplanade - El Rio - St. John's	7,835	8,056	(221)	-2.75%
16 Downtown Ojai - Pacific View Mall	14,466	14,386	79	0.55%
17 Esplanade - Oxnard College	9,296	9,057	239	2.64%
18 Trippers	1,048	639	409	64.03%
19 OTC- 5th St - Airport - Gonzales Rd	5,357	4,730	627	13.25%
20 Lombard - Sturgis	5,076	4,321	755	17.47%
21 Port Hueneme - Ventura - Victoria Ave	14,138	13,841	297	2.15%
	<b>198,165.4</b>	<b>195,791.1</b>	<b>2,374.3</b>	<b>1.21%</b>

Route	TOTAL Revenue Miles for Year - by Jurisdiction						Miles Last Year
	Ojai	Oxnard	Pt. Hueneme	Ventura	County	System total	
1 Port Hueneme - Oxnard Transit Center	-	122,381	48,617	-	-	170,998	169,991
2 Colonia - Downtown Oxnard	-	30,496	-	-	-	30,496	30,899
3 J St - Centerpoint Mall - Naval Base	-	49,592	-	-	-	49,592	49,592
4 North Oxnard - Ventura Rd - St. John's	-	127,104	-	-	-	127,104	127,104
5 Hemlock - Seabridge - Wooley	-	52,173	-	-	-	52,173	52,863
6 Oxnard - Ventura - Main St	-	103,343	-	282,140	-	385,483	385,483
7 Oxnard College - Centerpoint Mall	-	52,952	-	-	-	52,952	55,354
8 OTC- Oxnard College - Centerpoint Mall	-	117,296	-	-	-	117,296	117,296
9 Lemonwood - Channel Islands	-	44,075	-	-	-	44,075	44,075
10 Pacific View Mall - Telegraph -Saticoy	-	-	-	75,562	7,270	82,832	82,832
11 Pacific View Mall - Telephone - Wells	-	-	-	147,734	-	147,734	143,365
Placeholder 12	-	-	-	-	-	-	-
Placeholder 13	-	-	-	-	-	-	-
14 Esplanade - St. John's - Nyeland Acres	-	77,325	-	-	7,573	84,898	87,172
15 Esplanade - El Rio - St. John's	-	50,857	-	-	23,580	74,437	79,669
16 Downtown Ojai - Pacific View Mall	26,878	-	-	58,093	114,935	199,906	199,847
17 Esplanade - Oxnard College	-	73,196	-	4,608	48,923	126,727	125,159
18 Trippers	-	7,409	-	3,044	994	11,447	8,573
19 OTC- 5th St - Airport - Gonzales Rd	-	56,965	-	-	10,574	67,539	61,769
20 Lombard - Sturgis	-	66,198	-	-	-	66,198	59,057
21 Port Hueneme - Ventura - Victoria Ave	-	47,733	24,891	68,012	38,728	179,365	175,592
<b>Subtotal</b>	<b>26,878</b>	<b>1,079,095</b>	<b>73,508</b>	<b>639,194</b>	<b>252,576</b>	<b>2,071,251</b>	<b>2,055,691</b>
Percentage of Total	<b>1.298%</b>	<b>52.099%</b>	<b>3.549%</b>	<b>30.860%</b>	<b>12.194%</b>	<b>100.000%</b>	
Miles Last Year	<b>26,878</b>	<b>1,076,663</b>	<b>72,702</b>	<b>627,678</b>	<b>251,771</b>	<b>2,055,691</b>	
Percent Last Year	<b>1.307%</b>	<b>52.375%</b>	<b>3.537%</b>	<b>30.534%</b>	<b>12.248%</b>	<b>100.000%</b>	