



**DATE:** May 13, 2015

**TO:** GCTD Board of Directors

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

**SUBJECT:** **Receive and Discuss Staff Presentation on GCTD Proposed Operating Budget for FY 2015-16**

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## **I. EXECUTIVE SUMMARY**

Fiscal Year (FY) 2015-16 will mark a fiscal milestone for GCTD as we anticipate that, for the first time for the District or its predecessors, the District will enter the long-term debt market to raise the capital required to complete the construction of the new GCTD Operations and Administration Facility. The District approaches this project in a relatively strong fiscal position, in terms of improved revenues and current assets as well as a stable and sustainable operating budget.

GCTD's Local Transportation Fund (LTF) funding, the District's largest funding source, is estimated at \$15.3 million, a 6.6% increase from the FY 2014-15 allocation approved in June 2014. GCT's current estimate for FY15-16 Federal 5307 formula funding is \$3.9 million, the same as its FY14-15 allocation, however the District in addition has Federal Congestion Mitigation Air Quality (CMAQ) and Jobs Access Reverse Commute (JARC) grant funding for three demonstration projects (new routes) that will provide \$1.3 million for FY 15-16. The District also generates revenue from a mature advertising sales program, and generates and sells both Low Carbon Fuel Standard (LCFS) credits (State of California) and Renewable Identification Number (RIN) credits (U.S. EPA) from its use of natural gas to fuel the fleet.

The preliminary FY15-16 GCT operating budget being presented for review and discussion is \$22,096,000, a 1.1% increase from the FY14-15 budget. The operating budget contains a number of changes from FY14-15 that will increase cost, including a fixed route service increase of 4,726 revenue service hours (+2.4%) and 132,686 revenue service miles (+6.4%), the addition of four positions (two at mid-year), liability insurance cost increases, long-overdue IT infrastructure improvements and wage increases for represented and non-represented personnel. The year-to-year budget increases only 1.1% because FY14-15 District expenditures are running considerably below the budgeted level.

The Board's Fiscal Policy Committee met on March 25, 2015 to discuss budget premises and review GCTD's preliminary operating budget. The Technical Advisory Committee (TAC) met on April 22, 2015 and reviewed GCTD's preliminary operating budget. The budget proposal has been updated and increased slightly since those reviews.

### **GOLD COAST TRANSIT DISTRICT**

A draft of the FY15-16 operating budget follows as Attachment "A" to this report.

A draft of the FY15-16 Sources and Uses of Revenue follows as Attachment "B" to this report.

**It is recommended** that the Board of Directors receive, discuss and provide direction regarding this report and the staff presentation on GCT's draft budget for FY 2015-16.

## **II. BACKGROUND INFORMATION**

Following is a discussion of the premises for each of the major components of GCT's draft FY 15-16 operating budget.

### **REVENUE**

GCT's FY15-16 operating revenue of \$22,096,000 consists of \$12,682,800 (57%) in local funds (LTF and other local funds from member agencies), \$5,040,100 (23%) in federal grant funds, \$3,663,900 (17%) in fare receipts and local revenues from member agencies, \$210,000 (1%) in State Transit Assistance funds, \$245,000 (1%) in advertising sales, \$121,200 from the sale of District-generated energy credits, \$120,000 in Medi-Cal trip reimbursements and \$13,000 in other revenues. The following premises were used in establishing this budget:

- LTF funds will be at the levels published by VCTC in February 2015.
- FY15-16 Federal formula transit funds will be equal to the FY14-15 amount
- STA will be funded per current State Controller's estimate

For GCTD's Farebox recovery ratio calculation, GCT will supplement farebox with \$165,000 in local revenues from Oxnard. Other locally-generated revenue sources that supplement fares are \$245,000 in Advertising Revenue, \$120,000 in Medi-Cal paratransit trip reimbursement funds and \$121,200 in energy credit sale revenue. Following TDA guidelines, GCT has adjusted costs and revenue to exclude recently extended services (start year plus two additional years). It is estimated that GCTD's FBRR for fixed route will be 20.7% (requirement is minimum 20%) and for Paratransit will be 11.5% (requirement is minimum 10%).

### **LOCAL TRANSPORTATION FUNDS**

GCTD receives the full amount of LTF allocated based on its members' population share. For FY15-16, the most current estimate (from February 2015) is that GCTD's share will be \$15,345,451.

Members have submitted to GCTD requests for \$2,501,498 in LTF funding for their recurring transit-related activities, as well as \$125,000 for transit-related capital projects. Ojai's request for recurring activities exceeded the established baseline by \$49,747 as a result of the expiration of a prior CMAQ grant for added service on the Ojai Trolley. The requested capital projects are \$75,000 to Ventura County for Bus Stop Upgrades and \$50,000 to Ojai for a Five-Bay Bus Shelter for the Trolley Yard. Staff recommends funding all requests. Additionally, the City of Oxnard has agreed to provide to GCTD \$165,000 in local funding to support transit

services and GCTD has agreed to provide Oxnard \$165,000 in LTF funds for the operation of the Harbor and Beaches dial-a-ride service. Funding these programs leaves GCTD \$12,553,953 in LTF for its use, which will be supplemented by LTF carryover from prior years.

The LTF Allocation follows as Attachment "B" to this report.

## FTA GRANT FUNDING

GCT's Federal transit funding is authorized by the MAP-21 legislation that has expired and continues to be extended. Congress is considering multiple proposals but does not appear close to passing new legislation at this time. The President's most recent proposal, the GROW AMERICA Act, would provide a significant increase in the level of funding for transit. The House Appropriations Committee subsequently released a proposal that would provide formula funding at approximately the current level – this matches the working assumption being used by the Ventura County Transportation Commission and included in this budget. GCTD's premised formula allocation for FY15-16 is \$3,942,691, of which \$3,682,691 is programmed into Operating Budget line items. Another \$40,000 from a prior year grant is included in Operating Budget line items.

GCTD will be allocating to its FY 15-16 Operating Budget \$1,317,400 in route-specific Federal Grant funds; \$500,000 from an existing CMAQ grant for the Victoria Route (Route 21), \$684,000 from a new CMAQ grant for the new Wells Center-Nyeland Acres Route (Route 22), and \$133,400 from an existing JARC grant for the OTC - 5th St. – Gonzales Route (Route 20).

## PASSENGER FARES

A modest increase in ridership and passenger fare revenues are projected for FY15-16. In the current year (FY14-15) fixed route fares will exceed budget by 8.5% - 9.5%; for FY15-16 it is anticipated that fare revenues will increase another 1%, to \$3,285,400. For paratransit service, ridership this year did not increase to the level anticipated in the FY14-15 budget and fares are anticipated to end the year 10% under budget; for FY15-16 fares are expected to increase 6%, to \$213,500.

## **OPERATING COST**

### SERVICE

GCT's FY15-16 operating budget is based on the provision of 203,069 revenue service hours (RSH), an increase of 2.4% from the FY14-15 premise of 198,342, and 2,204,119 revenue service miles (RSM), an increase of 6.4% from the FY14-15 premise of 2,071,251 RSM. Changes include the addition of the Wells Center-Nyeland Acres Route (Route 22), the restructuring of the Vineyard Route (Route 17), the elimination of Route 14 (stops covered by Routes 17 and 22), additional service on the Oxnard - Ventura – Main St. Route (Route 6) and the extension of later service to Oxnard and Ventura Colleges. The latter changes have already been implemented, but were not included in the FY14-15 budget.

## FUEL

GCT's FY14-15 fuel budget reflects a 28% decrease from the FY14-15 budget. The decrease is primarily due to the continuing historic low commodity price for natural gas. GCT historically builds in a level of conservatism based on the volatile nature of the natural gas market, however the pricing basis for the FY15-16 budget is still 22% lower than the pricing basis for the FY14-15 budget. Additionally, GCTD's new fuel purchase contract provides a 4% discount from the published market rate. GCTD also is in the process of acquiring a new group of Paratransit vehicles that promise better fuel mileage.

## PARATRANSIT SERVICE

Last year GCTD anticipated a 24% increase in Paratransit service demand. The actual demand increase year-to-date (as of March 2015) has been 2.6%. It is anticipated that demand in FY15-16 will increase 6% from the current year's actual ridership, and cost increases will be moderated by exercise of a favorable service contract option.

## LABOR COSTS

Labor and fringe benefit cost for the FY 15-16 budget are projected to increase 2.9% as compared to the FY13-14 budget. In the current year GCTD's actual labor costs are well under budget; actual cost increases in FY15-16 will be somewhat higher, with 2.4% additional service hours, the addition of four positions (two in Maintenance, one each at mid-year in Transit Supervision and Customer Service), planned salary range adjustments to address compression issues in certain staff job classifications, and a 4% wage increase as negotiated in our recent union contract. Wage increases will be partially offset by a 2% increase in employee pension contribution (from 2% to 4%) for long-tenured employees. GCTD's CalPERS employer portion rate will increase .527%, from 15.721% in FY14-15 to 16.248% in FY15-16.

## OTHER EXPENSES

Other significant expenses that contribute to GCTD's operating costs include workers' compensation, liability insurance, upgrades to GCTD's IT infrastructure, and marketing / public awareness programs. The District obtains workers' compensation coverage through the California State Association of Counties (CSAC) insurance pool. The current projection is an increase of \$33,600 (3.8%), net of dividends. The District obtains liability and vehicle damage insurance through the California Transit Indemnity Pool (CalTIP). The current projection is an increase of \$44,600 (9.3%), net of a retrospective adjustment. CalTIP has seen a significant increase in the cost of transit liability cases over the past two years. GCTD recently hired an IT manager for the first time, and among the first priorities is to address deferred technology upgrades to the District's network equipment and software; nearly all of this equipment and software can be programmed into the new facility. Priority marketing and public awareness programs for the District in FY15-16 include publishing a new Short-Range Transit Plan (SRTP), introducing a new GCTD logo and all new marketing materials, implementing new software to assist in the design and planning of transit service and redesigning the GCTD website.

## **DEBT SERVICE**

As discussed in detail in Item 9 of this month's Board agenda, in FY15-16 the District will enter the long-term debt market to raise the capital required to complete the construction of the new GCTD Operations and Administration Facility. The District will need to raise an additional \$20-\$22 million dollars to complete the project. GCTD is currently preparing a very competitive Federal TIGER grant application and staff is hopeful of being funded for a large portion of the shortfall, however we are preparing to borrow the remainder by issuing a type of debt obligation known as Certificates of Participation ("Certificates"), publicly sold obligations generally sold to active purchasers of tax-exempt municipal bonds. It is anticipated that GCTD's annualized debt obligation will be \$1.2 to \$1.4 million, with a funding date to be on or around October 2015.

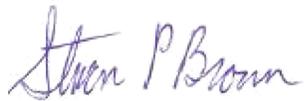
## **CAPITAL IMPROVEMENTS**

A full ten-year capital requirements plan will be presented at the June 2015 Budget Public Hearing on June 3, 2015. The largest and most critical improvement is the new GCTD Operations and Administration Facility discussed throughout this report. Other projects currently funded and underway include acquisition of eleven (11) replacement buses and two (2) fleet expansion buses, remodeling the Customer Service Center at the Oxnard Transportation Center, installing Intelligent Transportation System (ITS) on-board technology to include automated stop annunciation, replacement of the District's 24-vehicle Paratransit Fleet, and a variety of business system data applications and network upgrades.

### **III. RECOMMENDED ACTION**

**It is recommended** that the Board of Directors receive, discuss and provide direction regarding this report and the staff presentation on GCT's draft budget for FY 2015-16.

Concurrence:



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Steven P. Brown  
General Manager

May 13, 2015

Receive and Discuss Staff Presentation on GCTD Proposed Operating Budget for FY 2015-16

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ATTACHMENT "A"

Gold Coast Transit  
Operating Budget Summary - Draft Budget as of May 13, 2015  
July 1, 2015 to June 30, 2016

	<u>FY13-14</u>	<u>FY13-14</u>	<u>FY14-15</u>	<u>Proposed</u>	<u>% +/-</u>	<u>\$ +/-</u>
<u>Operating Revenues</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY16 vs.</u>	<u>FY16 vs.</u>
				<u>FY15-16</u>	<u>FY15</u>	<u>FY15</u>
Passenger Fares-Fixed Route	\$2,870,000	\$2,996,373	\$2,993,700	\$3,285,400	+9.7%	\$291,700
Passenger Fares-Paratransit	\$166,600	\$202,324	\$224,100	\$213,500	(4.7%)	(\$10,600)
Special Transit Fares (FR) - Member Gov'ts	\$565,000	\$390,000	\$350,000	\$165,000	(52.9%)	(\$185,000)
Special Transit Fares (PT) - Member Gov'ts	\$80,000	\$30,000	\$0	\$0	N/A	\$0
Interest	\$18,000	\$13,885	\$15,000	\$12,000	(20.0%)	(\$3,000)
Advertising Income	\$200,000	\$231,998	\$225,000	\$245,000	+8.9%	\$20,000
Energy Credit Revenue	\$0	\$0	\$0	\$121,200	N/A	\$121,200
Other	\$1,000	\$13,603	\$1,000	\$1,000	+0.0%	\$0
Operating Assistance-State	\$192,000	\$192,000	\$250,000	\$210,000	(16.0%)	(\$40,000)
Operating Assistance-Local (LTF)	\$11,636,300	\$9,631,812	\$12,385,200	\$12,682,800	+2.4%	\$297,600
Demo Project - Vineyard Corridor Route	\$574,800	\$502,825	\$297,200	\$0	(100.0%)	(\$297,200)
Demo Project - Victoria Route	\$683,000	\$595,042	\$701,500	\$500,000	(28.7%)	(\$201,500)
Demo Project - Wells Center/Nyeland Acres	\$0	\$0	\$0	\$684,000	N/A	\$684,000
JARC Funding For Route 20	\$110,000	\$110,000	\$129,500	\$133,400	+3.0%	\$3,900
Operating Assistance-Federal	\$1,000,000	\$1,000,000	\$1,100,000	\$1,050,000	(4.5%)	(\$50,000)
Preventive Maintenance-Federal	\$1,500,000	\$1,500,000	\$1,750,000	\$1,632,700	(6.7%)	(\$117,300)
Paratransit Assistance-Federal	\$940,000	\$940,000	\$990,000	\$840,000	(15.2%)	(\$150,000)
Planning Assistance-Federal	\$80,000	\$80,000	\$346,200	\$200,000	(42.2%)	(\$146,200)
Medi-Cal Reimbursement / Paratransit	\$0	\$96,217	\$100,000	\$120,000	+20.0%	\$20,000
Other Fed Grants and Reimbursements	\$0	\$0	\$0	\$0	N/A	\$0
<b>TOTAL</b>	<b>\$20,616,700</b>	<b>\$18,526,078</b>	<b>\$21,858,400</b>	<b>\$22,096,000</b>	<b>+1.1%</b>	<b>\$237,600</b>
	<u>FY13-14</u>	<u>FY13-14</u>	<u>FY14-15</u>	<u>Proposed</u>	<u>% +/-</u>	<u>\$ +/-</u>
<u>Operating Expenses</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY16 vs.</u>	<u>FY16 vs.</u>
				<u>FY15-16</u>	<u>FY15</u>	<u>FY15</u>
<b>FUNCTIONAL CATEGORIES</b>						
Employee Support	15,061,300	13,456,588	15,200,100	15,706,800	+3.3%	506,700
Service/Supplies - Operational	4,517,500	4,125,778	5,611,900	5,251,500	(6.4%)	-360,400
Service/Supplies - Support	1,037,900	949,115	1,046,400	1,137,700	+8.7%	91,300
<b>DEPARTMENT CATEGORIES</b>						
Fixed Route	11,460,200	10,431,838	11,915,500	11,930,300	+0.1%	14,800
Paratransit	2,434,800	2,512,184	2,974,200	2,902,100	(2.4%)	-72,100
Maintenance	3,462,800	2,926,278	3,582,600	3,466,900	(3.2%)	-115,700
Administration	2,331,400	1,938,629	2,414,400	2,713,300	+12.4%	298,900
Planning and Marketing	927,500	722,554	971,700	1,083,400	+11.5%	111,700
<b>TOTAL</b>	<b>20,616,700</b>	<b>18,531,482</b>	<b>21,858,400</b>	<b>22,096,000</b>	<b>+1.1%</b>	<b>237,600</b>
Total Fixed Route	18,181,900	16,019,298	18,884,200	19,193,900	+1.6%	309,700
Total Paratransit	2,434,800	2,512,184	2,974,200	2,902,100	(2.4%)	-72,100
Farebox Recovery Ratio	19%	21%	19%	19.4%		
FRR Fixed Route	20%	23%	20%	20.7%		
FRR Paratransit	10%	13%	11%	11.5%		

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Receive and Discuss Staff Presentation on GCTD Proposed Operating Budget for FY 2015-16

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ATTACHMENT "B"

**GCTD FY 2015-16 Revenue Sources and Uses Summary**

<b><u>FY2015-16 Revenue Sources</u></b>		<b><u>FY2015-16 Revenue Uses</u></b>	
Federal Revenue -5307 Formula	\$3,722,700	Operating Budget	\$22,096,000
Federal Revenue - CMAQ / JARC	\$1,317,400	Estimated Bond Payments, Ten (10) Months	\$1,107,100
State Transit Assistance	\$210,000	Member Recurring Transit Requirements	\$2,501,498
LTF Revenue - (FY2015-16)	\$15,345,451	Member Capital Improvements	\$125,000
LTF - FY13-14 Carryover	\$1,754,488	Harbor & Beaches Dial-a-Ride (Swap for Local Revenue)	\$165,000
Deferred LTF Income (Prior Year)	\$31,459	Contributions to Capital Reserve:	
Local Revenue - Oxnard	\$165,000	Member Transit Projects	\$50,000
Passenger Fares	\$3,498,900	GCTD Capital Reserve	<u>\$500,000</u>
MAA Fare Reimbursements	\$120,000		
Advertising Revenue	\$245,000		
Energy Credit Sale Revenue	\$121,200		
Other Revenue	<u>\$13,000</u>		
Total Current Year Sources	\$26,544,598	Total Current Year Revenue Uses	\$26,544,598

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ATTACHMENT "C"

<u>TDA - LTF REVENUE PROJECTIONS</u>	<u>TOTAL</u>	<u>OJAI</u>	<u>OXNARD</u>	<u>PORT HUENEME</u>	<u>VENTURA</u>	<u>VENTURA COUNTY</u>
February 2015 - FY15-16 Revenue Projection	\$15,345,451	\$264,901	\$7,103,749	\$781,344	\$3,800,887	\$3,394,570
<u>FUNDING REQUESTS FOR RECURRING TRANSIT REQUIREMENTS</u>						
Ojai Trolley Operations & Maintenance Ojai	(\$159,951)	(\$159,951)				
OTC Operation & Maintenance / Transit Services Oxnard	(\$450,000)		(\$450,000)			
VTC Operation & Maintenance Ventura	(\$253,250)				(\$253,250)	
Recurring Bus Stop Maintenance Oxnard/P.H.	(\$80,390)		(\$50,000)	(\$30,390)		
Bus Stop Amenities Port Hueneme	(\$25,325)			(\$25,325)		
Transit Service - Heritage Valley Ventura County	(\$550,000)					(\$550,000)
Transit Service - Oak Park D-A-R Ventura County	(\$250,000)					(\$250,000)
Transit Service - Ojai Trolley Ventura County	(\$192,582)					(\$192,582)
Transit Service - T.O. D-A-R Ventura County	(\$90,000)					(\$90,000)
Transit Service - Kanan Road Shuttle Ventura County	(\$450,000)					(\$450,000)
<b>TOTAL - RECURRING TRANSIT REQUIREMENTS</b>	<b>(\$2,501,498)</b>	<b>(\$159,951)</b>	<b>(\$500,000)</b>	<b>(\$55,715)</b>	<b>(\$253,250)</b>	<b>(\$1,532,582)</b>
<b>FY 2015-16 FUNDING BASELINE</b>	<b>\$2,469,679</b>	<b>\$110,204</b>	<b>\$506,500</b>	<b>\$55,715</b>	<b>\$253,250</b>	<b>\$1,544,010</b>
<b>Amount Requested Under/(Above) Baseline</b>	<b>(\$31,819)</b>	<b>(\$49,747)</b>	<b>\$6,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,428</b>
<u>Additional Budget Item - Funded in Return for Provision of Local Funding</u>						
Operate Harbor & Beaches Dial-a-Ride Oxnard	(\$165,000)		(\$165,000)			
<u>MEMBER CAPITAL IMPROVEMENTS REQUESTED</u>						
Bus Stop Upgrades Ventura County	(\$75,000)					(\$75,000)
Ojai Trolley Five-Bay Bus Shelter Ojai	(\$50,000)	(\$50,000)				
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>(\$125,000)</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$75,000)</b>
<b>Available for GCTD</b>	<b>\$12,553,953</b>					