



Item #9

DATE: June 1, 2016

TO: GCTD Board of Directors

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

SUBJECT: **Conduct Public Hearing to Consider Budget Overview Presentation, Public Comment and Adoption of FY 2016-17 Operating, Planning and Capital Budget**

I. EXECUTIVE SUMMARY

The Gold Coast Transit District FY 2016-17 operating, planning and capital budget is presented for public hearing before the GCTD Board of Directors. After the public hearing, the Board will consider adoption of the budget.

The proposed budget was developed by the Director of Finance and Administration in consultation with the GCTD General Manager and Management team. Preliminary budget premises were discussed with the GCTD Technical Advisory Committee (TAC) on March 16, 2016, and a draft proposed budget was discussed and reviewed with the TAC on April 20, 2016. A full report on the proposed FY 2016-17 budget was presented for review and comment to the Board on May 4, 2016. The final version of the budget, with minimal changes from the May 4, 2016 version, was recommended for approval by the TAC on May 18, 2016.

The proposed operating budget for FY 2016-17 is \$23,630,600, a 6.9% increase from the adopted FY 2015-16 budget. The operating budget contains a number of changes from FY 2015-16 that will increase cost, including a 4% contractual wage increase, significant increases to liability insurance and workers' compensation insurance, a 7% increase in paratransit vehicle hours, one additional staff position, redesign colors and graphics on 25 fixed route buses and a minor increase in fixed route service hours.

GCTD's Local Transportation Fund (LTF) funding, the District's largest funding source, is estimated at \$15.1 million, pending approval by the Ventura County Transportation Commission (VCTC) on June 3, 2016. This is a 2.4% decrease from the FY 2015-16 allocation approved in June 2015. The allocation for FY16-17 Federal 5307 and 5339 formula funding is \$4.27 million, an 8.3% increase from the FY15-16 allocation; some of this allocation is programmed for capital projects. The budget also includes \$560,000 in Federal Congestion Mitigation Air Quality (CMAQ) demonstration project (new routes) funding for Route 22 (Wells Center (Saticoy)-Nyeland Acres).

Estimated passenger fares for FY 2016-17 are \$3.45 million. The District also generates revenue from its advertising sales program, receives funding as partial reimbursement for Medi-

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Cal eligible trips on GCTD ACCESS 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 FY 2016-17 Operating, Planning and Capital Budget follows as an Attachment to this report.

IT IS RECOMMENDED that the Board of Directors conduct the public hearing to receive public comment on the proposed FY 2016-17 Operating, Planning and Capital budget. After the public hearing is completed, it is recommended that the Board adopt the FY 2016-17 Operating, Planning and Capital budget.

II. BACKGROUND INFORMATION

The proposed operating budget for FY 2016-17 is \$23,630,600, a 6.9% increase from the adopted FY 2015-16 budget.

Budget highlights are as follows:

Revenues

GCTD's primary revenue source continues to be LTF revenues from a .25% state sales tax generated by the 1971 Transportation Development Act (TDA) and allocated based on the population of its member jurisdictions. For FY 2016-17, the preliminary LTF revenue allocation for GCTD approved by the Ventura County Transportation Commission (VCTC) in February 2016 was \$15,104,503. The final amount expected to be approved by VCTC on June 3, 2016 is \$15,100,317; this is the budget premise.

In accordance with the process by which members may claim a portion of LTF for other transit requirements such as transit services or the operation and maintenance of locally supported transit facilities, each member has submitted to GCTD its LTF funding requests. Working together through GCTD's Technical Advisory Committee, GCTD and its members established a baseline in FY 2014-15 for recurring expenses; this baseline, adjusted by the CPI, will serve as the basis for future years' claim requests. Funding requests for non-recurring projects will be assessed and either funded in the current year or incorporated into the capital planning process.

The FY 2016-17 the premised LTF allocation to GCTD is \$15,100,317 and members' claims for recurring transit services costs total \$2,219,385, however the District will reclaim as a carryover credit \$603,636 in FY 2014-15 operating funds not spent by the members. For FY 2016-17 the District proposes to fund \$450,000 in discretionary non-recurring projects, less a \$50,000 credit for project approved in FY 2015-16 and subsequently cancelled. That leaves \$13,084,568 for GCTD's use.

GCTD is budgeting \$150,000 in State Transit Assistance (STA) for FY 2016-17. The State Controller's Office (SCO) recently changed the long-standing allocation formula in a way that may provide GCTD with a lower allocation than the \$180,000 to \$210,000 annually that the District previously received. The California Transit Association (CTA) is leading a legislative challenge to that action and the allocation is in limbo. GCTD will have some funds to carryover from the prior year's allocation.

GCTD's primary source of federal funding is FTA Section 5307 grant funding. On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation Act, or "FAST Act." The FAST Act is the first federal law in over a decade to provide long-term funding certainty for transit. In FY 2016-17, GCTD is projected to receive \$4.27 million in Section 5307 and Section 5339 (Bus and Bus Facilities) formula funding, an 8.3% increase from GCTD's FY 2015-16 allocation.

GCTD's FY 2016-17 operating budget includes \$560,00 in funds from a Federal Congestion Mitigation and Air Quality (CMAQ) grant that supports the provision of new service; a three-year grant commencing August 2015 for Route 22 serving the Wells Center (Saticoy)-Nyeland Acres corridor.

Passenger fares revenues for fixed route service are budgeted at \$3.21M, a decrease of 2.3% from the FY 2015-16 budget. Fare revenues for FY2015-16 are tracking 4.5%–5% lower than FY 2014-15, and it is anticipated that FY 2016-17 will see a small increase from this year's level. Passenger fare revenues for paratransit service are budgeted for \$242K in FY 2016-17, very close to the projected paratransit fare revenue for FY2015-16.

Working in conjunction with Ventura County Public Health, GCTD receives revenue claimed by VCPH under the Medi-Cal Administrative Activities (MAA) program to partially reimburse GCTD for providing Medi-Cal eligible trips on the GCTD ACCESS service. The District has conservatively budgeted \$125,000 in trip-related reimbursements.

GCTD generates revenue through the sale of exterior and interior bus advertising. This program had grown from \$7,000 in FY 2006-07 to \$232,000 in FY 2013-14 and \$220,000 last year. As the result of losing our largest advertising customer, FY 2015-16 revenue is tracking to approximately \$150,000. GCTD anticipates some improvement and is budgeting \$180,000 in FY 2016-17.

Since FY 2014-15 GCTD has been receiving revenue related to dispensing natural gas as a vehicle fuel, generating and selling both Low Carbon Fuel Standard (LCFS) credits from the State of California "cap-and-trade" program and Renewable Identification Number (RIN) credits from U.S. EPA. The District conservatively budgeted \$121,000 in revenue for FY 2015-16 and is presently tracking to receive more than \$250,000. With a recent favorable reclassification of the RIN credits generated by biogas purchases on our behalf, the District is budgeting for \$354,200 in energy credit revenue.

GCTD has been claiming the Federal Alternative Fuel Excise Tax Credit since 2007, and in FY 2014-15 changed the accounting treatment for this item from a contra-expense to a revenue. This tax incentive has expired and been retroactively extended by Congress multiple times, most recently in December 2015, to be in effect through December 31, 2016. GCTD is budgeting to claim \$251,000 for the first two quarters of FY 2016-17.

Operating Expense

The proposed operating budget for FY 2016-17 is \$23,630,600, a 6.9% increase from the adopted FY 2015-16 budget of \$22,096,000. Following is a description of the major cost areas.

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Labor Expense – Labor and fringe benefit costs for the FY 2016-17 budget are projected to increase 5.5% as compared to the FY 2015-16 budget. GCTD contract employees will receive a 4% contractual wage increase in July 2016, and a similar increase is budgeted for other GCTD employees. One additional staff position is budgeted for FY 2016-17, a safety & compliance professional to be added in January. Additionally, four positions added to the budget at mid-year in FY 2015-16 are budgeted for a full year in FY 2016-17 and just over 400 service hours were added to our bus operator budget.

Wage increases will be partially offset by a 2% increase in employee pension contribution (from 4% to 6%) for long-tenured employees (referred to as “classic” employees by CalPERS), however GCTD will continue to pay 2% of the 8% employee contribution and GCTD’s employer contribution rate will increase .8%, from 16.248% to 17.048% of applicable earnings. GCTD contract employees will receive a 4% contractual health benefits contribution increase in January 2017.

Boardings – The budget premise for FY 2016-17 fixed route service is 3.92 million boardings, a .9% decrease from the FY 2015-16 budget premise of 3.96 million boardings. The current forecast for actual boardings at FY 2015-16 year end is 2%-3% under the budgeted level.

The budget premise for FY 2016-17 ACCESS paratransit service is for 97,000 boardings, a 7.8% increase from the FY 2015-16 budget premise of 90,000 boardings. The current forecast for actual boardings at FY 2015-16 year end is 2%-3% above the budgeted level, which would mean that ridership for GCTD’s ACCESS service has increased by over 33% in the past five years.

Service Adjustments – GCTD will be implementing slightly more (.2%) revenue service hours in FY 2016-17, with revenue service hours (RSH) increasing from 203,069 in FY 2015-16 to 203,488 in FY 2016-17. Revenue service miles (RSM) will actually slightly decrease (-.5%), from 2,204,119 in FY 2015-16 to 2,192,544 in FY 2016-17. The adjustments are the result of two additional weekday trips on Route 6 and one additional Saturday night trip on Route 11, offset by some minor service adjustments on Routes 8, 19-20 and 22.

GCTD’s budgeted fixed route cost per revenue hour for FY 2015-16 is \$101.02, a 7% increase the budgeted cost of \$94.41 in FY 2015-16, and the budgeted fixed route cost per revenue mile is \$9.38, a 7.8% increase from \$8.70 in the FY 2015-16 budget. Please note that each of these benchmarks were lower in the FY 2015-16 budget than they had been in the FY 2014-15 budget.

Insurance – GCTD’s two major insurance programs, liability insurance and workers’ compensation insurance, will experience substantial budget increases in FY 2016-17. In both cases the District has for many years belonged to public sector pooling entities that have allowed GCTD to take advantage of being part of a much larger entity to obtain better coverage, rates and stability and remain protected from the vagaries of the commercial insurance market.

GCTD’s liability insurance budget for FY2016-17 is \$801,000, a 54% increase from the FY 2015-16 budget of \$519,000. For liability insurance GCTD belongs to the California Transit Indemnity Pool (CalTIP), a 33-member Joint Powers Authority (JPA) formed in 1987 for the purpose of creating a self-funded insurance pool. In 1987 the commercial liability insurance market was so hard that many transit agencies were unable to obtain liability insurance at any acceptable price. GCTD’s predecessor SCAT joined CalTIP in 1995.

CalTIP self-insures all claims against pool members up to \$1 million, with excess and reinsurance covering claims in excess of that amount. GCTD carries coverage up to \$25 million. In recent years GCTD's experience with CalTIP has been outstanding. For FY 2004-05 through FY 2010-11, total CalTIP premiums exceeded eventual claims by over \$20M and CalTIP returned \$8.6M in premium credits to its members to offset insurance costs. The past two years have been increasingly challenging for the entire transit liability industry, including CalTIP members, with claim severity (average cost per claim) increasing and the pool experiencing numerous large claims. As a result, CalTIP's equity has decreased, members' rates both for the pooled layer and the excess layer have increased substantially, and in FY 2016-17 the pooled equity portion of each claim will increase to \$1.25 million.

The commercial liability insurance market for transit appears headed into a difficult period and at present CalTIP membership remains GCTD's best option going forward.

GCTD's workers compensation insurance budget for FY16-17 is \$1,132,400, a 24% increase from the FY15-16 budget. Since 2004 GCTD has purchased primary and excess workers compensation insurance as part of the California State Association of Counties Excess Insurance Authority (CSAC-EIA), a JPA with 261 city, county and special district members. The CSAC-EIA program also returns excess premiums to members in the form of a consistent annual dividend that GCTD uses toward future premiums. Each year this is the final budget item to finalize, as the final pricing comes in after the budget is adopted. Final pricing typically comes in lower than the most recent estimate used for this budget, however FY 2016-17's coverage will cost substantially more than in FY 2015-16.

Fuel & Lubricants - The FY 2016-17 budget for fuel and lubricants is \$781,700, a 6.9% decrease from the FY 2015-16 budget of \$839,400. The decrease is primarily the result of the continued historic low commodity price for natural gas, combined with GCTD's supplier agreement providing an additional 4% discount off the published market price and GCTD's ongoing transition to a more fuel-efficient paratransit fleet vehicle composition.

The unit price used to calculate the FY 2016-17 budget is 12% above the twelve month average price as of March 2016; this unit price is actually 7.7% lower than the budget premise used in the FY 2015-16 budget.

Paratransit operations - The budget for contracted paratransit services in FY 2016-17 is \$2,748,300, a 4.7% increase from the FY 2015-16 budget of \$2,625,500. The budget premise for service demand in FY2016-17 is a 7.8% increase from the FY 2015-16 budget premise, however cost increases will be moderated by exercise of a favorable service contract option.

Farebox Recovery Ratio – California TDA regulations require that a transit service claimant for TDA funds realize a system wide farebox recovery ratio (FBRR), the ratio of fare and local revenues to operating cost, of at least 20%; or that the claimant realize a FBRR of 20% for fixed route service and 10% for paratransit service. GCTD has not failed to meet this benchmark, but it has been an ongoing challenge.

In 2015 California Senate Bill 508 (SB508) amended the TDA statutes to clarify and adjust how the farebox recovery ratio is calculated, provide a small measure of relief for transit agencies like GCTD that operate without a county sales tax dedicated to transit. It allows agencies to supplement fare revenues with "any nonfederal or nonstate grant funds or other revenues

generated by, earned by, or distributed to an operator” for purposes of calculating the ratio. GCTD will include in the calculation its other revenue sources such as advertising sales, energy credit sales, Medi-Cal paratransit trip reimbursement funds and the Alternative Fuel Excise Tax Credit.

SB 508 also allows for an adjustment to costs, allowing agencies to reduce expenses for purposes of the farebox calculation by “cost increases beyond the change in the Consumer Price Index for...fuel, alternative fuel programs, power, including electricity, insurance premiums and payments in settlement of claims arising out of the operator’s liability, state and federal mandates, startup costs for new services for a period of not more than two years,” as well as “additional operating costs required to provide comparable complementary paratransit service...that exceed(s) the operator’s costs required to provide comparable complementary paratransit service in the prior year as adjusted by the Consumer Price Index.” Using these parameters, the farebox recovery ratio in GCTD’s FY 2016-17 budget is 20.7% for fixed route and 12.6% for paratransit.

Capital Reserve Contribution – For FY 2016-17, GCTD will contribute \$250,000 to the capital reserve fund; this does not include \$1,657,000 in Capital Reserve contributions that staff recommended deferred from FY 2015-16 to FY 2016-17. Excluding the deferred amount, GCTD anticipates finishing FY 2015-16 with approximately \$6.4 million in capital reserves.

Debt Service

On September 2, 2015 the Board of Directors authorized the District to issue up to \$22,000,000 in certificates of participation (COPs) to complete the financing of GCTD’s new Administration and Operations Facility. On May 13, 2015, the Board had authorized the selection of the California Transit Finance Corporation (CTFC) to provide GCTD with services related to the financing.

Final review and approval of the plans for the new facility has taken considerably longer than initially anticipated and is still in process. Current expectations are that construction bids will be received in August or September 2016 and the COP issue will proceed immediately after a selection is made.

In FY 2015-16 GCTD allocated \$1,107,000 for debt repayment; as a result of the project delay those funds will be placed in capital reserve anticipating they will eventually be used on this project. In FY 2016-17 GCTD is allocating \$1,125,000 for a partial year of debt repayment during FY 2016-17; this amount will be budgeted as a separate Capital Reserve contribution. As the bond issuance process evolves the District will either use these funds for debt repayment, contributing any remaining funds to capital reserve, or capitalize the FY 2016-17 interest and dedicate these funds to reducing principal.

III. RECOMMENDED ACTION

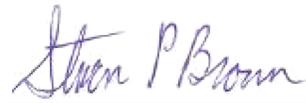
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Concurrence:

A handwritten signature in blue ink that reads "Steven P. Brown". The signature is written in a cursive style with a horizontal line underneath it.

Steven P. Brown
General Manager

Budget and Financial Plan

GOLD COAST TRANSIT DISTRICT
2016- 2017



Steven P. Brown
General Manager

Steve L. Rosenberg
Director of Finance and Administration

June 1, 2016

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GUIDE TO THE BUDGET AND FINANCIAL PLAN

The Gold Coast Transit District (GCTD) Budget and Financial Plan for FY 2016-17 presents the agency's financial and program plan in a single document for easy reference. It describes the services provided by GCTD and presents historical and anticipated costs of each function.

Budget Message and Summary

This section summarizes the budgetary guidelines, highlights, fund structure, significant financial issues, the budget basis and process.

Expenditures

This section summarizes the expenditures in a historical and anticipated level. Included are the staffing levels of GCTD.

Capital Improvements

This section summarizes the approved and proposed capital program. Included is the depreciation for the capital equipment.

Operating Revenue

This section summarizes the operating revenue. Included are Local Transportation Funds and other local funds, federal grants, state funds, other revenue and farebox revenue and recovery.

Appendix

Detailed information is provided on the annual expenditures as summarized in the Expenditure section. A glossary of terms is also provided.

FY 2016-17 BUDGET AND FINANCIAL PLAN

GOLD COAST TRANSIT DISTRICT MISSION STATEMENT

Gold Coast Transit’s Board of Directors in 2009 adopted the following mission statement, providing a clear, concise strategic direction for the organization:

GCTD’s mission is to provide safe, responsive, convenient, efficient, and environmentally responsible public transportation that serves the diverse needs of our community.

BOARD OF DIRECTORS

City of Ojai

Mayor Paul Blatz
Director

Councilmember Betsy Clapp
Alternate

City of Oxnard

Councilman Bryan A.
MacDonald - Vice-Chair

Mayor Pro Tem Carmen
Ramirez - Alternate

City of Port Hueneme

Mayor Douglas A.
Breeze – Chair

Councilmember Sylvia Munoz
Schnopp - Alternate

City of Ventura

Councilmember Carl E. Morehouse
Director

Councilmember James L. Monahan
Alternate

County of Ventura

Supervisor John C. Zaragoza
Director

SENIOR MANAGEMENT STAFF

Steven P. Brown
General Manager

Steve L. Rosenberg
Director of Finance & Administration

Robert H. Lurie
Director of Fleet & Facilities

Debbie L. Williams
Director of Human Resources

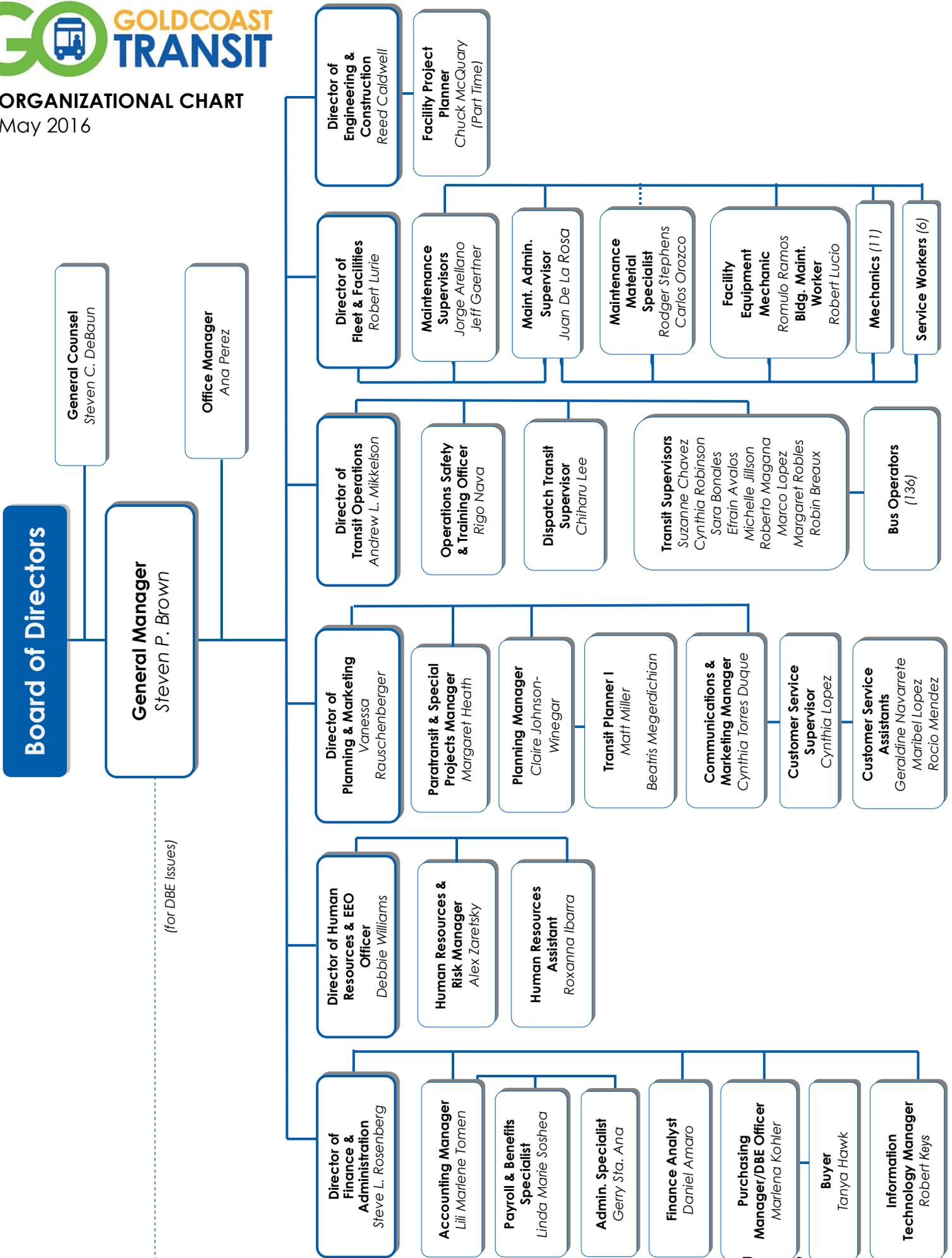
Vanessa Rauschenberger
Director of Planning & Marketing

Andrew Mikkelson
Director of Transit Operations

Reed C. Caldwell
Director of Engineering & Construction

ORGANIZATIONAL CHART

May 2016



(for DBE Issues)

BUDGET MESSAGE AND EXECUTIVE SUMMARY

GCTD is committed to the protection of public investments through sound financial practices. This commitment is reflected throughout the process from budget development to final adoption. Following is a description of the budget process.

BUDGETARY GUIDELINES – The budget was developed following these guidelines.

- A. Prudent budgetary control is tied to strategic planning and resource availability.
- B. Meaningful public and member agency input is solicited during the annual budget review.
- C. Salary and benefit increases for employees reflect the agreed upon level. Actual wage or benefit increases are subject to existing labor agreements approved by the GCTD Board of Directors. GCTD and Service Employees International Union (SEIU) 721 negotiated a new Memorandum of Understanding (MOU) effective July 2014 through October 2017 that includes a 4% increase in July 2016 and an incremental increase in employee pension contribution for “classic” employees (in CalPERS prior to January 1, 2013) from 4% to 6% in July 2016. Non-represented employees typically receive similar increases and are also subject to the increased employee pension contribution.
- D. Appropriate insurance coverage is budgeted to mitigate the risk of material loss.
- E. Major capital items are specified in the Ten-Year Plan and are anticipated in the capital reserve funding request to the extent feasible.
- F. Budget versus actual financial information is reported on a monthly basis.

INTRODUCTION

Last year GCTD anticipated reaching a fiscal milestone as it prepared to enter the long-term debt market for the first time in FY 2015-16 after the GCTD Board of Directors in May 2015 approved proceeding with financing the unfunded portion of GCTD’s New Administration and Operations Facility using certificates of participation (COPs). Delays in obtaining final regulatory approval for construction of the new facility have delayed that event, which is now anticipated for the first quarter of FY 2016-17.

GCTD must have a larger facility to keep up with the growing demand for public transportation in Western Ventura County, and the District has already secured commitments for over 50% of the total project cost in Federal and State grants; this includes the cost of a 15-acre parcel in North Oxnard that GCTD acquired in July 2014.

GCTD approaches this undertaking in a strong financial position. Having converted from a Joint Powers Authority (JPA) to a Transit District in July 2014, FY 2016-17 is the District’s third year entitled to claim all of the Local Transportation Funds (LTF) allocated based on the population of its member jurisdictions under California’s 1971 Transportation Development Act (TDA). GCTD by-laws then allow District members to

claim from GCTD a portion of LTF for transit services or the operation and maintenance of locally supported transit facilities. LTF funding allocated to the district decreased 2.4% in FY 2016-17 compared to FY 2015-16 but has increased 12% over the past five years and 40% since the lowest recession year of FY 2009-10. The FY 2016-17 budget has GCTD retaining 86.7% of the allocated LTF (the amount net of members' capital and recurring transit requirements); this has ranged from 70-82% over the past five years.

The District anticipates finishing FY 2015-16 with an operating surplus of over \$1.5 million and with approximately \$6.4 million in capital reserves. This does not include \$1,657,000 that GCTD budgeted to be contributed to capital reserve in FY 2015-16, \$1,107,000 of which was earmarked for FY 2015-16 COP payments before the project was delayed. Staff recommendation to the Board was to defer this year-end capital reserve contribution until FTA's current grant processing backlog allows three unprocessed GCTD grants to be awarded; this is expected to happen in the first quarter of FY 2016-17.

BUDGET HIGHLIGHTS FOR FY 2016-17, THE UPCOMING BUDGET YEAR

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Budget highlights are as follows:

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GCTD has been claiming the Federal Alternative Fuel Excise Tax Credit since 2007, and in FY 2014-15 changed the accounting treatment for this item from a contra-expense to a revenue. This tax incentive has expired and been retroactively extended by Congress multiple times, most recently in December 2015, to be in effect through December 31, 2016. GCTD is budgeting to claim \$251,000 for the first two quarters of FY 2016-17.

Operating Expense

The proposed operating budget for FY 2016-17 is \$23,630,600, a 6.9% increase from the adopted FY 2015-16 budget of \$22,096,000. Following is a description of the major cost areas.

Labor Expense – Labor and fringe benefit costs for the FY 2016-17 budget are projected to increase 5.5% as compared to the FY 2015-16 budget. GCTD contract employees will receive a 4% contractual wage increase in July 2016, and a similar increase is budgeted for other GCTD employees. One additional staff position is budgeted for FY 2016-17, a safety & compliance professional to be added in January. Additionally, four positions added to the budget at mid-year in FY 2015-16 are budgeted for a full year in FY 2016-17 and just over 400 service hours were added to our bus operator budget.

Wage increases will be partially offset by a 2% increase in employee pension contribution (from 4% to 6%) for long-tenured employees (referred to as “classic” employees by CalPERS), however GCTD will continue to pay 2% of the 8% employee contribution and GCTD’s employer contribution rate will increase .8%, from 16.248% to 17.048% of applicable earnings. GCTD contract employees will receive a 4% contractual health benefits contribution increase in January 2017.

Boardings – The budget premise for FY 2016-17 fixed route service is 3.92 million boardings, a .9% decrease from the FY 2015-16 budget premise of 3.96 million boardings. The current forecast for actual boardings at FY 2015-16 year end is 2%-3% under the budgeted level.

The budget premise for FY 2016-17 ACCESS paratransit service is for 97,000 boardings, a 7.8% increase from the FY 2015-16 budget premise of 90,000 boardings. The current forecast for actual boardings at FY 2015-16 year end is 2%-3% above the budgeted level, which would mean that ridership for GCTD’s ACCESS service has increased by over 33% in the past five years.

Service Adjustments – GCTD will be implementing slightly more (.2%) revenue service hours in FY 2016-17, with revenue service hours (RSH) increasing from 203,069 in FY 2015-16 to 203,488 in FY 2016-17. Revenue service miles (RSM) will actually slightly decrease (-.5%), from 2,204,119 in FY 2015-16 to 2,192,544 in FY

2016-17. The adjustments are the result of two additional weekday trips on Route 6 and one additional Saturday night trip on Route 11, offset by some minor service adjustments on Routes 8, 19-20 and 22.

GCTD's budgeted fixed route cost per revenue hour for FY 2015-16 is \$101.02, a 7% increase the budgeted cost of \$94.41 in FY 2015-16, and the budgeted fixed route cost per revenue mile is \$9.38, a 7.8% increase from \$8.70 in the FY 2015-16 budget. Please note that each of these benchmarks were lower in the FY 2015-16 budget than they had been in the FY 2014-15 budget.

Insurance – GCTD's two major insurance programs, liability insurance and workers' compensation insurance, will experience substantial budget increases in FY 2016-17. In both cases the District has for many years belonged to public sector pooling entities that have allowed GCTD to take advantage of being part of a much larger entity to obtain better coverage, rates and stability and remain protected from the vagaries of the commercial insurance market.

GCTD's liability insurance budget for FY2016-17 is \$801,000, a 54% increase from the FY 2015-16 budget of \$519,000. For liability insurance GCTD belongs to the California Transit Indemnity Pool (CalTIP), a 33-member Joint Powers Authority (JPA) formed in 1987 for the purpose of creating a self-funded insurance pool. In 1987 the commercial liability insurance market was so hard that many transit agencies were unable to obtain liability insurance at any acceptable price. GCTD's predecessor SCAT joined CalTIP in 1995.

CalTIP self-insures all claims against pool members up to \$1 million, with excess and reinsurance covering claims in excess of that amount. GCTD carries coverage up to \$25 million. In recent years GCTD's experience with CalTIP has been outstanding. For FY 2004-05 through FY 2010-11, total CalTIP premiums exceeded eventual claims by over \$20M and CalTIP returned \$8.6M in premium credits to its members to offset insurance costs. The past two years have been increasingly challenging for the entire transit liability industry, including CalTIP members, with claim severity (average cost per claim) increasing and the pool experiencing numerous large claims. As a result, CalTIP's equity has decreased, members' rates both for the pooled layer and the excess layer have increased substantially, and in FY 2016-17 the pooled equity portion of each claim will increase to \$1.25 million.

The commercial liability insurance market for transit appears headed into a difficult period and at present CalTIP membership remains GCTD's best option going forward.

GCTD's workers compensation insurance budget for FY16-17 is \$1,132,400, a 24% increase from the FY15-16 budget. Since 2004 GCTD has purchased primary and excess workers compensation insurance as part of the California State Association of Counties Excess Insurance Authority (CSAC-EIA), a JPA with 261 city, county and special district members. The CSAC-EIA program also returns excess premiums to members in the form of a consistent annual dividend that GCTD uses

toward future premiums. Each year this is the final budget item to finalize, as the final pricing comes in after the budget is adopted. Final pricing typically comes in lower than the most recent estimate used for this budget, however FY 2016-17's coverage will cost substantially more than in FY 2015-16.

Fuel & Lubricants - The FY 2016-17 budget for fuel and lubricants is \$781,700, a 6.9% decrease from the FY 2015-16 budget of \$839,400. The decrease is primarily the result of the continued historic low commodity price for natural gas, combined with GCTD's supplier agreement providing an additional 4% discount off the published market price and GCTD's ongoing transition to a more fuel-efficient paratransit fleet vehicle composition.

The unit price used to calculate the FY 2016-17 budget is 12% above the twelve month average price as of March 2016; this unit price is actually 7.7% lower than the budget premise used in the FY 2015-16 budget.

Paratransit operations - The budget for contracted paratransit services in FY 2016-17 is \$2,748,300, a 4.7% increase from the FY 2015-16 budget of \$2,625,500. The budget premise for service demand in FY2016-17 is a 7.8% increase from the FY 2015-16 budget premise, however cost increases will be moderated by exercise of a favorable service contract option.

Farebox Recovery Ratio – California TDA regulations require that a transit service claimant for TDA funds realize a system wide farebox recovery ratio (FBRR), the ratio of fare and local revenues to operating cost, of at least 20%; or that the claimant realize a FBRR of 20% for fixed route service and 10% for paratransit service. GCTD has not failed to meet this benchmark, but it has been an ongoing challenge.

In 2015 California Senate Bill 508 (SB508) amended the TDA statutes to clarify and adjust how the farebox recovery ratio is calculated, provide a small measure of relief for transit agencies like GCTD that operate without a county sales tax dedicated to transit. It allows agencies to supplement fare revenues with “any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator” for purposes of calculating the ratio. GCTD will include in the calculation its other revenue sources such as advertising sales, energy credit sales, Medi-Cal paratransit trip reimbursement funds and the Alternative Fuel Excise Tax Credit.

SB 508 also allows for an adjustment to costs, allowing agencies to reduce expenses for purposes of the farebox calculation by “cost increases beyond the change in the Consumer Price Index for...fuel, alternative fuel programs, power, including electricity, insurance premiums and payments in settlement of claims arising out of the operator's liability, state and federal mandates, startup costs for new services for a period of not more than two years,” as well as “additional operating costs required to provide comparable complementary paratransit service...that exceed(s) the operator's costs required to provide comparable complementary paratransit service in the prior year as adjusted by the Consumer

Price Index.” Using these parameters, the farebox recovery ratio in GCTD’s FY 2016-17 budget is 20.7% for fixed route and 12.6% for paratransit.

Capital Reserve Contribution – For FY 2016-17, GCTD will contribute \$250,000 to the capital reserve fund; this does not include \$1,657,000 in Capital Reserve contributions that staff recommended deferred from FY 2015-16 to FY 2016-17. Excluding the deferred amount, GCTD anticipates finishing FY 2015-16 with approximately \$6.4 million in capital reserves.

Debt Service

On September 2, 2015 the Board of Directors authorized the District to issue up to \$22,000,000 in certificates of participation (COPs) to complete the financing of GCTD’s new Administration and Operations Facility. On May 13, 2015, the Board had authorized the selection of the California Transit Finance Corporation (CTFC) to provide GCTD with services related to the financing.

Final review and approval of the plans for the new facility has taken considerably longer than initially anticipated and is still in process. Current expectations are that construction bids will be received in August or September 2016 and the COP issue will proceed immediately after a selection is made.

In FY 2015-16 GCTD allocated \$1,107,000 for debt repayment; as a result of the project delay those funds will be placed in capital reserve anticipating they will eventually be used on this project. In FY 2016-17 GCTD is allocating \$1,125,000 for a partial year of debt repayment during FY 2016-17; this amount will be budgeted as a separate Capital Reserve contribution. As the bond issuance process evolves the District will either use these funds for debt repayment, contributing any remaining funds to capital reserve, or capitalize the FY 2016-17 interest and dedicate these funds to reducing principal.

RETROSPECTIVE REVIEW OF BUDGET HIGHLIGHTS FOR FY 2015-16 - THE CURRENT BUDGET YEAR

Revenues

GCTD’s primary revenue source has historically been Local Transportation Fund revenues, allocated to its member agencies based on population, from a .25% state sales tax generated by the 1971 Transportation Development Act (TDA). LTF is allocated to GCTD based on the population of its member jurisdictions. For FY 2015-16, the budgeted LTF revenue allocation premise for this budget was \$15,472,479.

GCTD members may claim a portion of LTF for other transit requirements such as transit services or the operation and maintenance of locally supported transit facilities. For FY 2015-16, the LTF allocation to GCTD was \$15,472,479, and members’ claims for recurring transit services costs totaled \$2,501,498. The District

funded \$165,000 in additional member transit services in exchange for the provision of other local funding, and funded \$125,000 in members' discretionary non-recurring projects. That left \$12,680,981 for GCTD's use.

GCTD expected to receive its FY 2015-16 State Transit Assistance (STA) allocation, estimated at \$183,394, and additionally included in the FY 2015-16 operating budget another \$26,606 carried over from the previous year's allocation.

GCTD's primary source of federal funding is FTA Section 5307 grant funding. The FTA's authorizing transit funding legislation during FY 2015-16 was MAP-21. Under MAP-21 for FY 2015-16, GCTD was projected to receive from Section 5307 formula funding, including allocations for Jobs Access Reverse Commute (JARC) and Section 5339 (Bus and Bus Facilities), a total \$3.94M, equivalent to GCTD's FY 2014-15 allocation.

GCTD's FY 2015-16 operating budget also included funds from three (3) route-specific federal grants totaling \$1,317,400. They were Congestion Mitigation and Air Quality (CMAQ) grants for demonstration projects serving the Victoria Ave. corridor from Port Hueneme to Ventura (Route 21, a three-year grant that commenced February 2013), and the Wells Center (Saticoy)-Nyeland Acres corridor (Route 22, a three-year grant that commenced July 2015), as well as a Jobs Access – Reverse Commute (JARC) program grant to support the addition of the OTC/Lombard/Gonzalez/Fifth Route (Route 20, a three-year grant that commenced August 2013).

Passenger fare revenues for fixed route service were projected at \$3.28M, an increase of 9.7% from the FY 2014-15 budget. The District expected fares per boarding to increase slightly in FY 2015-16. Passenger fare revenues for paratransit service were projected at \$214K.

Working in conjunction with Ventura County Public Health, GCTD receives revenue claimed by VCPH under the Medi-Cal Administrative Activities (MAA) program to partially reimburse GCTD for providing Medi-Cal eligible trips on the GCTD ACCESS service. The District conservatively budgeted \$120,000 in trip-related reimbursements for FY 2015-16.

GCTD established a new revenue stream during FY 2014-15 by generating and selling both Low Carbon Fuel Standard (LCFS) credits from the State of California "cap-and-trade" program and Renewable Identification Number (RIN) credits from U.S. EPA, related to the purchase and use of natural gas to fuel the fleet. The District budgeted \$121,000 for FY 2015-16.

GCTD also generates local revenue through sales of exterior and interior bus advertising. This program was budgeted to provide \$245,000 in local revenue in FY 2015-16.

Operating Expense

The operating budget for FY 2015-16 was \$22,096,000, a 1.1% increase from the adopted FY 2014-15 budget. GCTD historically has budgeted conservatively to avoid the possibility of incurring an operating deficit by typically finishing the year with an operating surplus, which in accordance with TDA guidelines, would then be applied to the budget in the year following the audited results. The FY 2015-16 budget was structured to reduce, but not eliminate, the scope of that surplus from previous years.

Labor Expense – Labor and fringe benefit cost for the FY 15-16 budget were projected to increase 2.9% compared to the FY14-15 budget. In FY 14-15 GCTD's actual labor costs were well under budget, Actual cost increases in FY15-16 were expected to 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 were to be partially offset by a 2% increase in employee pension contribution (from 2% to 4%) for long-tenured employees, a 2.25% increase in employee pension contribution for post-2013 employees under the PEPRA law, and a .53% increase in GCTD's CalPERS employer portion rate.

Boardings – The budget premise for FY 2015-16 fixed route service was 3.96 million boardings, a 1.8% increase from the FY 2014-15 budget premise of 3.89 million boardings. This was .6% higher than what was forecasted for FY 2014-15 year-end.

The budget premise for FY 2015-16 paratransit service was 90,000 boardings, a slight decrease from the FY 2014-15 budget premise of 90,733 boardings. Actual boardings for FY 2014-15 were 84,604, up from 82,495 in FY 2013-14.

Service Adjustments – GCTD implemented 2.4% more revenue service hours in FY 2015-16, with revenue service hours (RSH) increasing from 198,165 in FY 2014-15 to 203,069 in FY 2015-16. Revenue service miles (RSM) increased 6.4%, from 2,071,251 in FY 2014-15 to 2,204,119 in FY 2015-16. The service increase was the result of some added service on GCTD's busiest bus route, Route 6, the addition of extended evening service to Oxnard and Ventura Colleges, and a restructuring of service to Saticoy, Nyeland Acres, Riverpark and Oxnard College that will result in the elimination of Route 14 and the introduction of Route 22 to Wells Center and Nyeland Acres.

GCTD's budgeted fixed route cost per revenue hour for FY 2015-16 was \$94.41, a slight decrease from the budgeted cost of \$95.30 in FY 2014-15, and the budgeted fixed route cost per revenue mile was \$8.70, a 4.6% decrease from \$9.12 in the FY 2014-15 budget.

Fuel - The FY 2015-16 budget for fuel and lubricants was \$839,400, a 27% decrease from the FY 2014-15 budget of \$1,155,500. The decrease was primarily the result of the continued historic low price for natural gas. The unit price used to calculate the FY 2015-16 budget was 10% above the twelve month average price as of March 2015. In FY 2014-15 GCTD signed a supplier agreement that provides an additional 4% discount off the published market price.

Paratransit operations - The budget for contracted paratransit services in FY 2015-16 was \$2,625,500, virtually unchanged from the FY 2014-15 budget. It was anticipated that demand in FY15-16 would increase 6% from the FY 2014-15, and that cost increases would be moderated by exercising a favorable service contract option.

Farebox Recovery Ratio – California TDA regulations require that a transit service claimant for TDA funds realize a system wide farebox recovery ratio (FBRR), the ratio of fare and local revenues to operating cost, of at least 20%, or that the claimant realize a FBRR of 20% for fixed route service and 10% for paratransit service.

For GCTD's FY 2015-16 Farebox recovery ratio (FBRR) calculation, GCTD was to meet the latter goal by supplementing passenger fares 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, GCTD adjusted costs and revenue to exclude recently added services. It was estimated that GCTD's FBRR for fixed route would be 20.7% (requirement is minimum 20%) and for Paratransit would be 11.4% (requirement is minimum 10%).

Capital Reserve Contribution – For FY 2015-16, GCTD budgeted to contribute \$500,000 to GCTD's capital reserve fund. The capital reserve was expected to be at approximately \$6.5 million by June 30, 2015.

Debt Service

GCTD allocated \$1,107,000 toward debt repayment for a partial year in FY 2015-16. This amount was budgeted as a separate Capital Reserve contribution.

BUDGET PROCESS

The proposed budget was developed by the Finance and Administration Department in consultation with the GCTD General Manager and Management team. Preliminary budget premises were discussed with the GCTD Technical Advisory Committee (TAC) on March 16, 2016, and a draft proposed budget was discussed and reviewed with the TAC on April 20, 2016. A full report on the proposed FY 2016-17 budget was presented for review and comment to the Board of Directors on May 4, 2016. The final version of the budget, with minimal changes from the May 4, 2016 version, was recommended for approval by the TAC on May 18, 2016.

BUDGET SUMMARY

The budget summary is displayed in Table 1, Operating Budget Summary, Revenues and Expenses, and Table 2, Operating Budget – Functional Categories. Table 1 provides a summary of both revenue and expense, categorized by both expenditure type and department, Table 2 provides a major line item breakout of the expenses by type.

The budget document provides details for the operating budget in the **Expenditures** (page 17) section, the capital project budget in the **Capital Improvements** (page 19) section and the revenue sources in the **Operating Revenue** (page 27) section. These sections include tables reflecting the operating expense budgets by line item breakouts, and are accompanied by a discussion of significant cost categories. In the appendix are detailed tables of the line items by each of GCTD's departments and a glossary of terms.

TABLE 1

Gold Coast Transit District
Operating Budget Summary
July 1, 2016 to June 30, 2017

	<u>FY14-15</u>	<u>FY14-15</u>	<u>FY15-16</u>	<u>Proposed</u>	<u>% +/-</u>
<u>Operating Revenues</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY17 vs.</u>
				<u>FY16-17</u>	<u>FY16</u>
Passenger Fares-Fixed Route	\$2,993,700	\$3,211,258	\$3,285,400	\$3,209,400	(2.3%)
Passenger Fares-Paratransit	\$224,100	\$207,375	\$213,500	\$242,500	+13.6%
Special Transit Fares (FR) - Member Gr	\$350,000	\$350,000	\$165,000	\$0	(100.0%)
Interest	\$15,000	\$12,449	\$12,000	\$13,000	+8.3%
Advertising Income	\$225,000	\$220,960	\$245,000	\$180,000	(26.5%)
Energy Credit Revenue	\$0	\$87,066	\$121,200	\$354,200	N/A
Alternative Fuel Excise Tax Credit	\$0	\$491,009	\$0	\$251,000	N/A
Other	\$1,000	\$33,489	\$1,000	\$1,000	+0.0%
Operating Assistance-State	\$250,000	\$160,522	\$210,000	\$150,000	(28.6%)
Operating Assistance-Local (LTF)	\$12,385,200	\$8,869,456	\$12,682,800	\$14,790,710	+16.6%
Demo Project - Vineyard Corridor Route	\$297,200	\$435,716	\$0	\$0	N/A
Demo Project - Victoria Route	\$701,500	\$701,500	\$500,000	\$0	(100.0%)
Demo Project - Wells Center/Nyeland A	\$0	\$0	\$684,000	\$560,000	N/A
JARC Funding For Route 20	\$129,500	\$146,195	\$133,400	\$0	(100.0%)
Operating Assistance-Federal	\$1,100,000	\$1,100,000	\$1,050,000	\$1,050,000	+0.0%
Preventive Maintenance-Federal	\$1,750,000	\$1,750,000	\$1,632,700	\$1,607,177	(1.6%)
Paratransit Assistance-Federal	\$990,000	\$990,000	\$840,000	\$896,613	+6.7%
Planning Assistance-Federal	\$346,200	\$346,200	\$200,000	\$200,000	+0.0%
Medi-Cal Reimbursement / Paratransit	\$100,000	\$254,350	\$120,000	\$125,000	+4.2%
TOTAL	\$21,858,400	\$19,381,448	\$22,096,000	\$23,630,600	+6.9%
<u>Operating Expenses</u>	<u>FY14-15</u>	<u>FY14-15</u>	<u>FY15-16</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY17 vs.</u>
				<u>FY16-17</u>	<u>FY16</u>
<u>FUNCTIONAL CATEGORIES</u>					
Employee Support	15,200,100	13,814,905	15,704,200	16,763,700	+6.7%
Service/Supplies - Operational	5,611,900	4,604,936	5,254,100	5,435,000	+3.4%
Service/Supplies - Support	<u>1,046,400</u>	<u>961,608</u>	<u>1,137,700</u>	<u>1,431,900</u>	+25.9%
TOTAL	\$21,858,400	\$19,381,448	\$22,096,000	\$23,630,600	+6.9%
<u>DEPARTMENT CATEGORIES</u>					
Fixed Route	11,915,500	10,801,217	11,895,000	12,527,600	+5.3%
Paratransit	2,974,200	2,657,691	2,924,600	3,074,400	+5.1%
Maintenance	3,582,600	2,910,750	3,479,600	3,638,300	+4.6%
Administration	2,414,400	2,187,895	2,713,400	3,184,900	+17.4%
Planning and Marketing	<u>971,700</u>	<u>823,896</u>	<u>1,083,400</u>	<u>1,205,400</u>	+11.3%
TOTAL	\$21,858,400	\$19,381,448	\$22,096,000	\$23,630,600	+6.9%
Total Fixed Route	\$18,884,200	\$16,723,757	\$19,171,400	\$20,556,200	+7.2%
Total Paratransit	\$2,974,200	\$2,657,691	\$2,924,600	\$3,074,400	+5.1%
Farebox Recovery Ratio	<u>19%</u>	<u>21%</u>	<u>19%</u>	<u>19.6%</u>	
FRR Fixed Route	<u>20%</u>	<u>23%</u>	<u>20%</u>	<u>20.7%</u>	
FRR Paratransit	<u>10%</u>	<u>13%</u>	<u>11%</u>	<u>12.6%</u>	

TABLE 2

Gold Coast Transit District
Operating Budget – Functional Categories
July 1, 2016 to June 30, 2017

	<u>FY14-15</u>	<u>FY14-15</u>	<u>FY15-16</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY17 vs.</u>
				<u>FY16-17</u>	<u>FY16</u>
<u>Employee Support</u>					
Salaries	10,058,200	9,374,938	10,509,400	11,192,900	+6.5%
Health Benefits	1,671,400	1,628,820	1,806,000	1,843,200	+2.1%
WCI	895,500	895,484	911,600	1,132,400	+24.2%
Retirement	2,065,100	1,508,623	1,935,800	1,973,000	+1.9%
Other Benefits	287,600	212,221	247,700	285,300	+15.2%
Uniforms	76,500	53,510	77,400	79,400	+2.6%
Medical Exams	42,800	43,302	44,800	45,500	+1.6%
Safety & Training	86,000	64,339	102,500	127,000	+23.9%
Contracts	<u>17,000</u>	<u>33,667</u>	<u>69,000</u>	<u>85,000</u>	<u>+23.2%</u>
TOTAL	<u>\$15,200,100</u>	<u>\$13,814,905</u>	<u>\$15,704,200</u>	<u>\$16,763,700</u>	+6.7%
	<u>FY14-15</u>	<u>FY14-15</u>	<u>FY15-16</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY17 vs.</u>
				<u>FY16-17</u>	<u>FY16</u>
<u>Service/Supplies - Operational</u>					
Fuel/Lubricants	1,155,500	753,379	839,400	781,700	(6.9%)
Tires	165,000	143,932	175,000	175,000	+0.0%
Repair Parts	667,000	585,357	662,000	668,000	+0.9%
CNG Fuel Station	130,000	70,412	100,000	90,000	(10.0%)
Paratransit Service Contract	2,625,200	2,353,347	2,625,500	2,748,300	+4.7%
Contract Repair	300,000	176,388	270,000	335,400	+24.2%
Contract Services	181,800	167,764	191,000	218,300	+14.3%
Supplies	154,500	172,529	153,800	173,100	+12.5%
Tickets/Schedules	80,500	89,007	91,000	78,500	(13.7%)
Marketing	102,700	70,240	125,600	139,300	+10.9%
Interest Expense	3,200	3,400	3,000	5,000	+66.7%
OTC Facilities	24,000	11,279	11,600	15,000	+29.3%
Maintenance Agreements	22,500	7,901	6,200	7,400	+19.4%
Warranty Recovery	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>+0.0%</u>
TOTAL	<u>\$5,611,900</u>	<u>\$4,604,936</u>	<u>\$5,254,100</u>	<u>\$5,435,000</u>	+3.4%
	<u>FY14-15</u>	<u>FY14-15</u>	<u>FY15-16</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY17 vs.</u>
				<u>FY16-17</u>	<u>FY16</u>
<u>Service/Supplies - Support</u>					
Telephones/Utilities	188,800	182,480	192,600	209,400	+8.7%
Insurance	536,400	396,853	582,600	867,800	+49.0%
Contract Services	70,000	55,190	70,000	51,000	(27.1%)
Supplies	73,200	124,512	95,000	112,000	+17.9%
Legal	76,000	110,675	72,000	57,000	(20.8%)
Audit	21,000	18,508	40,000	32,000	(20.0%)
Officers & Directors	36,000	36,404	40,000	55,000	+37.5%
Dues	<u>45,000</u>	<u>36,986</u>	<u>45,500</u>	<u>47,700</u>	<u>+4.8%</u>
TOTAL	<u>\$1,046,400</u>	<u>\$961,608</u>	<u>\$1,137,700</u>	<u>\$1,431,900</u>	+25.9%
GRAND TOTAL	<u>\$21,858,400</u>	<u>\$19,381,448</u>	<u>\$22,096,000</u>	<u>\$23,630,600</u>	+6.9%

EXPENDITURES

Employees – Support

The proposed budget for employee support shows an increase of \$1,059,500 (6.7%). Labor and fringe benefits are projected to increase 5.5%. GCTD represented personnel will receive 4% wage increases in July 2016 and 4% medical contribution increases in January 2017 in accordance with the District's MOUs with SEIU Local 721; non-represented personnel have historically received adjustments commensurate with contractual increases.

Wage increases will be partially offset by a 2% increase in employee pension contribution (from 4% to 6%) for long-tenured employees (referred to as "classic" employees by CalPERS), with GCTD's portion of the 8% employee contribution dropping from 4% to 2%. GCTD's employer contribution rate, however, will increase .8%, from 16.248% to 17.048% of applicable earnings.

One additional staff position is budgeted for FY 2016-17, a safety & compliance professional to be added in January. Additionally, four positions added to the budget at mid-year in FY 2015-16 are budgeted for a full year in FY 2016-17 and just over 400 service hours were added to our bus operator budget. GCTD estimates that premised service levels will require approximately 136 bus operators for FY 2016-17. Operator headcount is driven by service planning and other variables, and actual headcount will typically vary throughout the year. Non-operator headcount is projected to be 65.5. GCTD's headcount budget is shown in Table 3.

GCTD's workers compensation insurance budget will increase \$220,800 (24% in FY 2016-17). GCTD since 2004 has purchased primary and excess workers compensation insurance as part of the California State Association of Counties Excess Insurance Authority (CSAC-EIA), a JPA with 261 cities, county and special districts as members. Workers' compensation rates are increasing across the public sector (not just for GCTD). The CSAC-EIA program also returns excess premiums to members in the form of a consistent annual dividend that GCTD uses toward future premiums. Each year this is the final budget item to finalize, as final firm pricing is not issued until June.

Final pricing typically comes in lower than the most recent estimate used for this budget, however FY 2016-17's coverage will cost substantially more than in FY 2015-16.

Other increases in this category are attributable to GCTD implementing more proactive employee safety and employee training programs.

TABLE 3

**Gold Coast Transit District
GCTD Headcount Budget
July 1, 2016 to June 30, 2017**

Position	FY15-16 Budget, at Y/E	FY16-17 Proposed Budget Increases	FY16-17 Proposed Budget
<u>Operations</u>			
Bus Operator	136		136
	136	0	136
<u>Operations Mgmt.</u>			
Director of Operations	1		1
Operations Safety & Training Officer	1		1
Transit Supervisor Road	9		9
Transit Supervisor Dispatch	1		1
Dispatch & Revenue Control Specialist	0		0
	12	0	12
<u>Paratransit</u>			
Paratransit & Special Projects Mgr.	1		1
	1	0	1
<u>Maintenance</u>			
Director of Maintenance	1		1
Maintenance Supervisor	2		2
Maintenance Supervisor (Administration)	1		1
Facility & Equipment Mechanic II	1		1
Maintenance Material Specialist	2		2
Mechanic I	5		5
Mechanic II	4		4
Mechanic III	1		1
Electronic Technician	1		1
Bldg. Maintenance Worker/Bus Stop Support	1		1
Service Worker	8		8
	27	0	27
<u>Administration</u>			
General Manager	1		1
Office Manager	1		1
Director Of Finance & Administration.	1		1
Accounting Manager	1		1
Payroll Specialist	1		1
Finance Analyst	1		1
Administrative Specialist	1		1
Accounting Intern	0.5		0.5
I.T. Manager	1		1
Purchasing Manager/DBE Officer	1		1
Buyer	1		1
Director of Human Resources	1		1
Human Resources & Risk Manager	1		1
Human Resources Administrator	1		1
Director of Engineering & Construction	1		1
Facility Project Planner	0.5		0.5
Safety & Compliance Manager (Mid-Year)		1	1
	15	1	16
<u>Planning & Marketing</u>			
Director of Planning & Marketing	1		1
Communications & Marketing Manager	1		1
Customer Service Supervisor	1		1
Customer Service Asst	3		3
Transit Planning Manager	1		1
Transit Planner I	2		2
Planning Intern	0.5		0.5
	9.5	0	9.5
Total	200.5	1	201.5

Service/Supplies – Operational

The proposed FY 2016-17 budget for Service/Supplies - Operational shows an increase of \$180,900 (3.4%) from FY 2015-16. The largest item in the category is GCTD's contracted ACCESS paratransit service. GCTD projects 97,000 boardings in FY 2016-17, a 7.8% increase from the FY 2015-16 budget. Vehicle Revenue Hours (VRH) are forecast to increase 7%, however cost increases will be moderated by exercise of a favorable service contract option and are budgeted for a 4.7% increase.

A notable budget item for FY 2016-17 in Contract Repair is updating 25 buses from the District's New Flyer bus fleet with GCTD's new exterior bus design (colors and logo), at a cost of \$75,000. This is a one-time non recurring expense item.

The FY 2016-17 budget for fuel and lubricants is \$781,700, a 6.9% decrease from the FY 2015-16 budget of \$839,400. As discussed in an earlier section, the decrease is primarily the result of the continued historic low commodity price for natural gas, combined with GCTD's supplier agreement providing an additional 4% discount off the published market price.

Service/Supplies – Support

The proposed budget for service/supplies support in FY 2016-17 shows an increase of \$294,200 (25.9%) from FY2015-16, directly related to a \$282,000 (54%) increase in GCTD's costs for liability insurance. This issue is addressed in detail on Page 8 of this document.

Increases for Supplies and Officers & Directors expense are offset by decreases in Legal, Audit and Contract Services expenses.

CAPITAL IMPROVEMENTS

Capital Project Funding

GCTD capital projects are typically funded by a combination of Federal, State and local matching funds. FTA Section 5307 funds are provided on a formula basis and may be programmed for capital projects, typically at 80% of the cost, with a 20% required local match. For certain qualifying projects, Congestion Mitigation and Air Quality (CMAQ) funds or Section 5339 funds may also be programmed. CMAQ funding may be programmed for funding new bus service or the purchase of alternative fuel buses (such as CNG); CMAQ funds vary from 75% to 100% of the project cost with any remainder made up from local matching funds.

Section 5339 funds may be programmed to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities, typically at 80% of the cost, with a 20% required local match.

GCTD historically was eligible to apply for funds under FTA Section 5309, which provided a discretionary competitive allocation for Bus Facilities-related capital projects. In 2011, GCTD received \$15 million for the New Administration and Operations Facility from a Section 5309 grant. The recently superseded FTA transit funding authorizing legislation, MAP-21, eliminated the Section 5309 Bus and Bus Facilities program and replaced it with Section 5339, which provided formula-based funding that was not adequate to fund major projects for smaller transit agencies.

On December 4, 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act into law—the first federal law in over a decade to provide long-term funding certainty for surface transportation infrastructure planning and investment. The FAST Act provides modest increases to the Sections 5307 and 5339 funding that bus transit agencies rely on, and brought back a Section 5339 discretionary competitive grant program for Bus and Bus Facilities-related capital projects

GCTD has received numerous grant awards for State funds for capital projects under the Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA), created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. This was a ten-year program that is currently in its final funding phase. PTMISEA-funded projects typically do not require a local funding component.

Local matching funds are provided through the GCTD Capital Reserve, historically funded from GCTD's LTF allocation. The capital reserve allows funding for major capital projects to be planned and funded in advance without placing sudden or excessive demands on local funding sources. The District provides for a contribution to the Capital Reserve as part of the budgeting process whenever funding allows. The budgeted capital reserve contribution for FY 2016-17 is \$250,000. It is anticipated that the capital reserve fund balance will be approximately \$6.4 million on June 30, 2016, with an additional \$1.67 million contribution from FY 2015-16 funds planned for early in FY 2016-17.

In FY 2014-15, GCTD began providing capital reserve funds programmed for funding members' transit-related projects. These contributions are discretionary and included in the budget process. The current capital reserve fund balance includes \$80,000 for this purpose.

Ten-Year Capital Project Plan

A capital project plan has been developed to ensure that:

- GCTD plans for the necessary fleet, facilities and equipment to provide service in a safe and cost efficient manner;
- Capital costs are identified and programmed in advance and distributed throughout a number of fiscal cycles to avoid sudden or excessive demand on local funding sources;

- A capital reserve is established to allow for major procurements without sudden or excessive demand on funding sources. Although most of GCTD's major capital investments are made using grant funding, many grants (including most Federal grants) require the agency to provide matching funds; and
- Long lead times required for certain tasks are understood and accommodated. The development of specifications and the required competitive procurement process for selecting a bus manufacturer can easily take six to twelve months, and it may take the manufacturer another one to two years to build and deliver a transit bus.

Proposed Capital Projects

The most significant item in GCTD's Ten-Year Capital Project Plan is the New Administration and Operations Facility. The existing facility is operating well above its designed capacity; it is far smaller than the industry standard for our current fleet and service level. Staffing and service expansion are not feasible on the existing site.

The working estimate-at-completion for the facility is \$52.1 million. GCTD has \$26.3 million in identified funding for this project, including \$16.1 million in Federal grants and over \$10.5 in State grant funds, including PTMISEA funds and Proposition 1B Safety & Security funds. The Board of Directors approved proceeding with a debt issue using Certificates of Participation (COP) financing to finance the unfunded portion of the project, which is expected to go to market early in FY 2016-17. Additionally, the District continues to explore other funding opportunities; in April 2016 GCTD applied for a State Transit and Intercity Rail Capital Program (TIRCP) grant, funded by auction proceeds from the California Air Resources Board's Cap-and-Trade Program into the Greenhouse Gas Reduction Fund. If awarded, this grant would provide funding that would allow the District to complete the project and retain more flexibility to continue increasing bus service.

Other significant items on the ten-year capital project plan include provision of expansion buses for anticipated service growth, major bus fleet refurbishment to extend the useful life of our fleets, periodic replacement of our current bus, paratransit and service vehicle fleets, and additions to the District's technology in support of more efficient transit service and a more productive workforce.

Although the ten-year projection uses the premise that most of these projects will be 80% grant funded, like most Federal transit grants, there is substantial support and activity for increased transit funding at the State level. It appears the State TIRCP and Low Carbon Transit Operations Program (LCTOP) programs, both funded from the Cap-and-Trade Program, will provide increasing support for transit projects in future years. Additionally, there is activity in the state legislature in support of additional transit funding programs and in Ventura County there is presently support for placing a half-cent transportation infrastructure sales tax measure on the county's November ballot.

The total projected cost for all items on the ten-year capital project plan is \$99 million, which includes \$52.1 million for the new facility project (Table 6), \$8.1 million for other programmed projects for which funding has been identified (Table 7) and \$38.8 million

of programmed projects (listed in Table 8) over the next ten years for which funding has not yet been identified.

A summary of the program appears in Tables 4-7.

TABLE 4
Gold Coast Transit District
Ten-Year Capital Project Plan –New Facility Funding Program

<u>Description</u>	<u>Funding Type</u>	<u>Federal</u>	<u>State Funds- (PTMISEA/ PROP 1B/ LCTOP)</u>	<u>Local / Other</u>	<u>Total</u>	<u>Funding Year</u>
New Facility Requirements Planning	5309 Funds - Expended	\$475,000		\$118,750	\$593,750	2007-08
New Operations & Administration Facility	5307 Funds - Expended	\$400,000			\$400,000	2012-13
New Operations & Administration Facility	5307 Funds/14-15	\$100,000			\$100,000	2014-15
New Operations & Administration Facility	5307 Funds/15-16	\$100,000			\$100,000	2015-16
New Operations & Administration Facility	5309 Funds	\$15,000,000			\$15,000,000	2011-12
New Operations & Administration Facility	PTMISEA / Prop 1B		\$10,027,574		\$10,027,574	MULTIPLE
New Operations & Administration Facility	Prop 1B Safety/Security		\$500,387		\$500,387	MULTIPLE
New Operations & Administration Facility	COP Proceeds & LTF Capital Reserve Funds			\$25,378,288	\$25,378,288	2016-17
TOTAL - NEW FACILITY PROJECT		\$16,075,000	\$10,527,962	\$25,497,038	\$52,100,000	

TABLE 5

**Gold Coast Transit District
Ten-Year Capital Project Plan – Funded Projects**

Description	Funding Type	Federal	State Funds-	Local /	Total	Funding	Project Type
			(PTMISEA/ PROP 1B/ LCTOP)			Other	
SQL Servers (2) Upgrade	5307 Funds	\$22,600		\$5,600	\$28,200	2013-14	Business Technology
Mobile-Plan Publishing Module	5307 Funds	\$16,000		\$4,000	\$20,000	2013-14	Technology
Mobile-Plan to AVN Interface	5307 Funds	\$12,800		\$3,200	\$16,000	2013-14	Technology
Business Systems Upgrades	5307 Funds	\$92,500		\$23,200	\$115,700	2013-14	Technology
Service Vehicles (2)	5307 Funds	\$40,000		\$10,000	\$50,000	2015-16	Vehicles
Bus Stop Upgrades	5307 Funds	\$40,000		\$10,000	\$50,000	2015-16	Other
Business Systems Upgrades	5307 Funds	\$80,000		\$20,000	\$100,000	2015-16	Technology
Three (3) Replacement Buses and Two (2) Expansion Buses	CMAQ / PTMISEA	\$794,500	\$1,670,200	\$128,700	\$2,593,400	2013-14	New Buses
Five (5) Expansion Buses	CMAQ	\$2,478,840		\$322,160	\$2,801,000	2016-17	New Buses
Automatic Vehicle Stop Annunciators / Passenger Information System Upgrades	PTMISEA		\$670,000		\$670,000	2010-11	On-Board Equipment
Replace Paratransit Vehicles 4 MV1s / FY15-16	PTMISEA		\$260,000		\$260,000	2014-15	Paratransit Vehicles
Expansion Paratransit Vehicles 1 MV1 / FY15-16			\$65,000		\$65,000	2014-15	Paratransit Vehicles
Replace Paratransit Vehicles 4 Cutaways / FY16-17	PTMISEA		\$376,000		\$376,000	2014-15	Paratransit Vehicles
Replace Paratransit Vehicles 6 MV1s / FY16-17	PTMISEA		\$397,000		\$397,000	2014-15	Paratransit Vehicles
Replace Paratransit Vehicles 2 Cutaways / FY16-17	PTMISEA		\$192,000		\$192,000	2014-15	Paratransit Vehicles
Camera Systems for Paratransit Vehicles	PTMISEA		\$200,000		\$200,000	2014-15	Paratransit Vehicles
Dispatch/Scheduling + IVR System for Paratransit Ops	PTMISEA		\$200,000		\$200,000	2014-15	Business Technology
TOTAL - FUNDED PROJECTS		<u>\$3,577,240</u>	<u>\$4,030,200</u>	<u>\$526,860</u>	<u>\$8,134,300</u>		

TABLE 6

**Gold Coast Transit District
Ten-Year Capital Project Plan – Programmed Projects**

<u>Project/Project Year</u>	<u>Qty.</u>	<u>Federal</u>	<u>State</u>	<u>Local / Other</u>	<u>Total</u>	<u>Funding Year</u>	<u>Project Type</u>
<u>FY 2016-17</u>							
Bus Refurbishment - New Flyers	26	\$2,871,000		\$717,000	\$3,588,000	2016-17	Bus Major Repair
Ticket Vending Machines	2		<u>\$160,000</u>		<u>\$160,000</u>	2016-17	Transit Technology
		\$2,871,000	\$160,000	\$717,000	\$3,748,000		
<u>FY 2017-18</u>							
Replacement Relief Vehicles	7	\$168,000		\$41,000	\$209,000	2017-18	Service Vehicles
Expansion Relief Vehicles	3	\$72,000		\$18,000	\$90,000	2017-18	Service Vehicles
Supervisor Vehicles	2	\$58,000		\$14,000	\$72,000	2017-18	Service Vehicles
Ticket Vending Machines	1		\$82,000		\$82,000	2017-18	Transit Technology
GCTD ERP System Replacement	1	\$240,000		\$60,000	\$300,000	2017-18	Business Technology
Passenger Information System Upgrades	1	\$120,000	\$0	\$30,000	\$150,000	2017-18	Transit Technology
Office Technology Replacement Program	Misc.	<u>\$64,000</u>	<u>\$0</u>	<u>\$15,000</u>	<u>\$79,000</u>	2017-18	Business Technology
		\$722,000	\$82,000	\$178,000	\$982,000		
<u>FY 2018-19</u>							
Paratransit Vans	8	\$438,000		\$109,000	\$547,000	2018-19	Paratransit Vehicles
Bus Refurbishment - NABIs	17	\$2,144,000		\$536,000	\$2,680,000	2018-19	Bus Major Repair
Replacement Relief Vehicles	6	\$147,000		\$36,000	\$183,000	2018-19	Service Vehicles
Supervisor Vehicles	1	\$30,000		\$7,000	\$37,000	2018-19	Service Vehicles
Misc. Support Equipment	1	\$200,000		\$50,000	\$250,000	2018-19	Bldgs & Equipment
Ticket Vending Machines	1		\$85,000		\$85,000	2018-19	Transit Technology
GCTD ERP System Replacement	1	\$240,000		\$60,000	\$300,000	2018-19	Business Technology
Office Technology Replacement Program	Misc.	<u>\$16,000</u>	<u>\$0</u>	<u>\$3,000</u>	<u>\$19,000</u>	2018-19	Business Technology
		\$3,215,000	\$85,000	\$801,000	\$4,101,000		
<u>FY 2019-20</u>							
Paratransit Vans	4	\$224,000		\$56,000	\$280,000	2019-20	Paratransit Vehicles
Paratransit Cutaways	4	\$380,000		\$94,000	\$474,000	2019-20	Paratransit Vehicles
Expansion Buses	2	\$896,000		\$224,000	\$1,120,000	2019-20	New Buses
Passenger Information System Upgrades	1	\$120,000		\$30,000	\$150,000	2019-20	Transit Technology
Office Technology Replacement Program	Misc.	<u>\$11,000</u>	<u>\$0</u>	<u>\$2,000</u>	<u>\$13,000</u>	2019-20	Business Technology
		\$1,631,000	\$0	\$406,000	\$2,037,000		
<u>FY 2020-21</u>							
Paratransit Vans	7	\$403,000		\$100,000	\$503,000	2020-21	Paratransit Vehicles
Paratransit Cutaways	2	\$195,000		\$48,000	\$243,000	2020-21	Paratransit Vehicles
Expansion Buses	2	\$919,000		\$229,000	\$1,148,000	2020-21	New Buses
Replacement Relief Vehicles	3	\$78,000		\$19,000	\$97,000	2020-21	Service Vehicles
Expansion Relief Vehicles	1	\$27,000		\$6,000	\$33,000	2020-21	Service Vehicles
Supervisor Vehicles	1	\$32,000		\$7,000	\$39,000	2020-21	Service Vehicles
Office Technology Replacement Program	Misc.	<u>\$40,000</u>	<u>\$0</u>	<u>\$10,000</u>	<u>\$50,000</u>	2020-21	Business Technology
		\$1,694,000	\$0	\$419,000	\$2,113,000		

TABLE 6 (continued)

Gold Coast Transit District
Ten-Year Capital Project Plan – Programmed Projects

<u>Project/Project Year</u>	<u>Qty.</u>	<u>Federal</u>	<u>State</u>	<u>Local / Other</u>	<u>Total</u>	<u>Funding Year</u>	<u>Project Type</u>
<u>FY 2021-22</u>							
Expansion Buses	2	\$942,000		\$235,000	\$1,177,000	2021-22	New Buses
Office Technology Replacement Program	Misc.	<u>\$35,000</u>	<u>\$0</u>	<u>\$8,000</u>	<u>\$43,000</u>	2021-22	Business Technology
		\$977,000	\$0	\$243,000	\$1,220,000		
<u>FY 2022-23</u>							
Paratransit Vans	8	\$484,000		\$120,000	\$604,000	2022-23	Paratransit Vehicles
Expansion Buses	2	\$966,000		\$241,000	\$1,207,000	2022-23	Paratransit Vehicles
Replacement Relief Vehicles	1	\$28,000		\$6,000	\$34,000	2022-23	Service Vehicles
Expansion Relief Vehicles	1	\$28,000		\$6,000	\$34,000	2022-23	Service Vehicles
Supervisor Vehicles	1	\$33,000		\$8,000	\$41,000	2022-23	Service Vehicles
Office Technology Replacement Program	Misc.	<u>\$12,000</u>	<u>\$0</u>	<u>\$2,000</u>	<u>\$14,000</u>	2022-23	Business Technology
		\$1,551,000	\$0	\$383,000	\$1,934,000		
<u>FY 2023-24</u>							
Paratransit Vans	11	\$680,000		\$170,000	\$850,000	2023-24	Paratransit Vehicles
Replacement Buses	10	\$4,946,000		\$1,236,000	\$6,182,000	2023-24	New Buses
Bus Refurbishment - Gilligs	13	\$1,608,000		\$401,000	\$2,009,000	2023-24	Bus Major Repair
Replacement Relief Vehicles	1	\$28,000		\$7,000	\$35,000	2023-24	Service Vehicles
Office Technology Replacement Program	Misc.	<u>\$12,000</u>	<u>\$0</u>	<u>\$3,000</u>	<u>\$15,000</u>	2023-24	Business Technology
		\$7,274,000	\$0	\$1,817,000	\$9,091,000		
<u>FY 2024-25</u>							
Replacement Buses	8	\$4,056,000		\$1,013,000	\$5,069,000	2024-25	New Buses
Expansion Buses	2	\$1,015,000		\$253,000	\$1,268,000	2024-25	New Buses
Expansion Relief Vehicles	1	\$29,000		\$7,000	\$36,000	2024-25	Service Vehicles
Office Technology Replacement Program	Misc.	<u>\$12,000</u>	<u>\$0</u>	<u>\$3,000</u>	<u>\$15,000</u>	2024-25	Business Technology
		\$5,112,000	\$0	\$1,276,000	\$6,388,000		
<u>FY 2025-26</u>							
Paratransit Cutaways	4	\$440,000		\$110,000	\$550,000	2025-26	Paratransit Vehicles
Replacement Buses	8	\$4,157,000		\$1,039,000	\$5,196,000	2025-26	New Buses
Expansion Buses	2	\$1,040,000		\$259,000	\$1,299,000	2025-26	New Buses
Office Technology Replacement Program	Misc.	<u>\$73,000</u>	<u>\$0</u>	<u>\$18,000</u>	<u>\$91,000</u>	2025-26	Business Technology
		\$5,710,000	\$0	\$1,426,000	\$7,136,000		
TOTAL - PROGRAMMED PROJECTS		<u>\$30,757,000</u>	<u>\$327,000</u>	<u>\$7,666,000</u>	<u>\$38,750,000</u>		
GCT TEN-YEAR CAPITAL PROGRAM TOTAL		<u>\$50,409,240</u>	<u>\$14,885,162</u>	<u>\$33,689,898</u>	<u>\$98,984,300</u>		

TABLE 7

**Gold Coast Transit District
Ten-Year Capital Project Plan – Summary Tables**

<u>Funding Year</u>	<u>Federal</u>	<u>State</u>	<u>Local/ Other</u>	<u>Total</u>
New Facility	\$16,075,000	\$10,527,962	\$25,497,038	\$52,100,000
Other Funded Projects	\$3,577,240	\$4,030,200	\$526,860	\$8,134,300
<u>Programmed Projects / Funding NOT Identified</u>				
FY 2016-17	\$2,871,000	\$160,000	\$717,000	\$3,748,000
FY 2017-18	\$722,000	\$82,000	\$178,000	\$982,000
FY 2018-19	\$3,215,000	\$85,000	\$801,000	\$4,101,000
FY 2019-20	\$1,631,000	\$0	\$406,000	\$2,037,000
FY 2020-21	\$1,694,000	\$0	\$419,000	\$2,113,000
FY 2021-22	\$977,000	\$0	\$243,000	\$1,220,000
FY 2022-23	\$1,551,000	\$0	\$383,000	\$1,934,000
FY 2023-24	\$7,274,000	\$0	\$1,817,000	\$9,091,000
FY 2024-25	\$5,112,000	\$0	\$1,276,000	\$6,388,000
FY 2025-26	\$5,710,000	\$0	\$1,426,000	\$7,136,000
Total - All Projects	<u>\$50,409,240</u>	<u>\$14,885,162</u>	<u>\$33,689,898</u>	<u>\$98,984,300</u>
<u>by Funding Status</u>				
New Facility	\$16,075,000	\$10,527,962	\$25,497,038	\$52,100,000
Other Funded Projects	\$3,577,240	\$4,030,200	\$526,860	\$8,134,300
Other Projects Programmed / Funding NOT Identified	<u>\$30,757,000</u>	<u>\$327,000</u>	<u>\$7,666,000</u>	<u>\$38,750,000</u>
	<u>\$50,409,240</u>	<u>\$14,885,162</u>	<u>\$33,689,898</u>	<u>\$98,984,300</u>
<u>by Project Type</u>				
New Facility	\$16,075,000	\$10,527,962	\$25,497,038	\$52,100,000
New Buses	\$21,244,340	\$1,670,200	\$4,938,860	\$27,853,400
Paratransit Vehicles	\$4,210,000	\$1,490,000	\$1,048,000	\$6,748,000
On-Board Equipment	\$0	\$670,000	\$0	\$670,000
Bus Major Repair	\$6,623,000	\$0	\$1,654,000	\$8,277,000
Business Technology	\$978,900	\$200,000	\$240,000	\$1,418,900
Bldgs & Equipment	\$200,000	\$0	\$50,000	\$250,000
Service Vehicles	\$798,000	\$0	\$192,000	\$990,000
Transit Technology	\$240,000	\$327,000	\$60,000	\$627,000
Other	<u>\$40,000</u>	<u>\$0</u>	<u>\$10,000</u>	<u>\$50,000</u>
Total - All Projects	<u>\$50,409,240</u>	<u>\$14,885,162</u>	<u>\$33,689,898</u>	<u>\$98,984,300</u>
<u>By Funding Status</u>				
Total Required		<u>\$98,984,300</u>		
Total Funded				
Federal		\$19,652,240	20%	
State		\$14,558,162	15%	
Projected Capital Reserve - June 30, 2016		\$6,400,000	6%	
Remaining to Fund / COP Issue & Other		<u>\$58,373,898</u>	59%	

Depreciation

Capital assets are depreciated on a straight-line basis over the course of their useful life. Table 11 is the depreciation schedule for FY 2016-17

TABLE 8

**Gold Coast Transit District - Depreciation Schedule
July 1, 2016 to June 30, 2017**

<u>Item</u>	<u>FY14-15 Budget</u>	<u>FY14-15 Actuals</u>	<u>FY15-16 Budget</u>	<u>Proposed Budget FY16-17</u>
Facility	494,781	490,955	495,720	311,250
Buses	1,604,163	1,604,402	1,817,489	2,008,301
Other Vehicles	38,428	45,525	35,472	32,859
Shop Equipment	19,478	19,478	19,478	19,440
Office/Other Equipment	233,107	236,671	355,701	345,213
OTC Improvements	5,000	0	4,000	23,300
Intangible Assets	0	8,756	0	0
Paratransit Revenue Vehicles	54,200	0	99,161	327,361
Paratransit Other Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,333</u>
Total Depreciation	<u>\$2,449,157</u>	<u>\$2,405,787</u>	<u>\$2,827,021</u>	<u>\$3,101,057</u>

OPERATING REVENUE

Funding for GCTD operating activities is derived from several sources, including passenger fares; local, state and federal funds; bus advertising sales, other local revenues and interest income. Table 9 reflects the revenue for operating activities in FY 2016-17.

TABLE 9

Gold Coast Transit District
Operating Budget Revenue
July 1, 2016 to June 30, 2017

<u>Operating Revenues</u>	<u>FY14-15 Budget</u>	<u>FY14-15 Actuals</u>	<u>FY15-16 Budget</u>	<u>Proposed Budget FY16-17</u>	<u>% +/- FY17 vs. FY16</u>
Passenger Fares-Fixed Route	\$2,993,700	\$3,211,258	\$3,285,400	\$3,209,400	(2.3%)
Passenger Fares-Paratransit	\$224,100	\$207,375	\$213,500	\$242,500	+13.6%
Special Transit Fares (FR) - Member Gr	\$350,000	\$350,000	\$165,000	\$0	(100.0%)
Interest	\$15,000	\$12,449	\$12,000	\$13,000	+8.3%
Advertising Income	\$225,000	\$220,960	\$245,000	\$180,000	(26.5%)
Energy Credit Revenue	\$0	\$87,066	\$121,200	\$354,200	N/A
Alternative Fuel Excise Tax Credit	\$0	\$491,009	\$0	\$251,000	N/A
Other	\$1,000	\$33,489	\$1,000	\$1,000	+0.0%
Operating Assistance-State	\$250,000	\$160,522	\$210,000	\$150,000	(28.6%)
Operating Assistance-Local (LTF)	\$12,385,200	\$8,869,456	\$12,682,800	\$14,790,710	+16.6%
Demo Project - Vineyard Corridor Rout	\$297,200	\$435,716	\$0	\$0	N/A
Demo Project - Victoria Route	\$701,500	\$701,500	\$500,000	\$0	(100.0%)
Demo Project - Wells Center/Nyeland A	\$0	\$0	\$684,000	\$560,000	N/A
JARC Funding For Route 20	\$129,500	\$146,195	\$133,400	\$0	(100.0%)
Operating Assistance-Federal	\$1,100,000	\$1,100,000	\$1,050,000	\$1,050,000	+0.0%
Preventive Maintenance-Federal	\$1,750,000	\$1,750,000	\$1,632,700	\$1,607,177	(1.6%)
Paratransit Assistance-Federal	\$990,000	\$990,000	\$840,000	\$896,613	+6.7%
Planning Assistance-Federal	\$346,200	\$346,200	\$200,000	\$200,000	+0.0%
Medi-Cal Reimbursement / Paratransit	\$100,000	\$254,350	\$120,000	\$125,000	+4.2%
TOTAL	\$21,858,400	\$19,381,448	\$22,096,000	\$23,630,600	+6.9%

Following is a brief discussion of each major revenue area.

Passenger Fares

Passenger fare revenues for FY 2015-16 are anticipated to finish the year at approximately \$3.34 million; 4.5% - 5% lower than budgeted. Fixed route fares are projected to end the year 5.5% - 6% under the FY 2015-16 budgeted amount at approximately \$3.1 million, attributable to lower-than expected passenger boardings, and paratransit fares are forecast to be 17% higher than the FY 2015-16 budgeted amount, attributable to a very modest increase in boardings and two large fare media purchases toward year-end.

The budget premise for FY 2016-17 fixed route fare revenue is \$3.21 million, a 3.5% increase from the current FY 2015-16 year-end forecast of \$3.1 million. The budget premise for FY 2016-17 paratransit fare revenue is \$242,500, slightly lower than the current FY 2015-16 forecast of \$250,400.

Table 10 shows the current GCTD passenger fare structure. The most recent changes were in FY 2013-14, when GCTD changed the multi-ride ticket and monthly pass structure, replacing 10-ride, 20-ride and 30-ride passes with a 15-ride pass and replacing the monthly pass, which was valid for one calendar month, with a 31-day pass that is valid from the date of first use on any day of any month. This change was in conjunction with the new fare collection system installed in GCTD fixed route bus fleet in May 2013. The base cash fare amount has not changed since 2011.

TABLE 10

**Gold Coast Transit District
Passenger Fare Structure**

GCT FIXED ROUTE	Fare Amount	Multi-Ride Ticket or Monthly Pass	Fare Amount
Cash Fares (One Way)			
Adult	\$1.50	15-Ride	\$20.00
Youth (through age 18)	\$1.50	31-Day Pass	\$50.00
Seniors (65-74 years of age with GCT I.D or proof of age)	\$0.75	Youth	
Medicare (with Medicare Card)	\$0.75	15-Ride	\$15.00
Disabled (ADA card or GCT I.D.)	\$0.75	31-Day Pass	\$40.00
Seniors 75+ (with GCT I.D. – restricted hours)	Free	Reduced Fare (Senior/Disabled)	
Seniors 75+ (with GCT I.D or proof of age)	Free	15-Ride	\$10.00
Children under 45" tall (when accompanied by paid fare)	Free	31-Day Pass	\$25.00
Day Pass (One-Day/Unlimited Boardings)	\$4.00		
Day Pass for Seniors/Medicare/Disabled	\$2.00		
		GCT ACCESS (Paratransit)	
		Cash Fare (one-way) - ADA Certified or Senior	\$3.00
		Senior Nutrition (registered with County program)	Donation
		Book of Ten Tickets - ADA Certified or Senior	\$30.00

* Senior is 65 years of age and older w/proof of age

Fixed Route Ridership

Boardings in FY 2015-16 (through March) are trending 2.6% behind the first nine months of FY 2014-15, in which the District finished with the highest ridership in its history. For FY 2016-17, the budget premise is that ridership will be 3.92 million boardings, 2.2% higher than the current FY 2015-16 year-end projection.

Paratransit Ridership

Paratransit ridership is running 2-3% higher than the FY 2015-16 budgeted level, Paratransit boardings for the first nine months are running 9% ahead of the same period for FY 2014-15, , which would mean that ridership for GCTD’s ACCESS service has increased by over 33% in the past five years.

The premise for the FY 2016-17 budget is 97,000 boardings, an increase from the 92,000 boardings projected for FY 2015-16 at year end.

Farebox Recovery

The *California Code of Regulations*, § 6633.2 requires that a transit service claimant in an urbanized area, to qualify for allocation of TDA funds, must have a systemwide ratio

of fare revenues to operating cost of at least twenty percent (20%), or that the claimant realize a farebox recovery ratio (FBRR) of 20% for fixed route service and 10% for paratransit service.

California SB 508, signed by Governor Brown in 2015, took effect for FY 2015-16 and modified the TDA farebox recovery ratio statute by allowing the following revenue and cost adjustments for purposes of calculating the ratio:

For Revenue: *Section 99268.19. - If fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost required by this article, an operator may satisfy that requirement by supplementing its fare revenues with local funds. As used in this section, "local funds" means any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.*

For Costs: *Section 99268.17. (a) Notwithstanding subdivision (a) of Section 99247, the following costs shall be excluded from the definition of "operating cost" for the purposes of calculating any required ratios of fare revenues to operating cost specified in this article: (1) The additional operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), as identified in the operator's paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations that exceed the operator's costs required to provide comparable complementary paratransit service in the prior year as adjusted by the Consumer Price Index. (2) Cost increases beyond the change in the Consumer Price Index for all of the following: (A) Fuel. (B) Alternative fuel programs. (C) Power, including electricity. (D) Insurance premiums and payments in settlement of claims arising out of the operator's liability. (E) State and federal mandates. (3) Startup costs for new services for a period of not more than two years.*

Section 99247 (a) *"Operating cost" excludes...principal and interest payments on capital projects funded with certificates of participation.*

The revenue calculation change clarified previously held but unwritten interpretations of what revenues could be used to supplement fares, and are very beneficial for agencies such as GCTD that operate without the benefit of a local transit-specific sales tax. The cost adjustments also provide some relief by eliminating some cost increases from the calculation as well as excluding COP payments.

Table 11 shows for the past five years, as well as for the current year and the budgeted year, (1) the unlinked passenger trips, fare revenue and FBRR for fixed route service, (2) the one-way trips, fare revenue and FBRR for paratransit service and (3) the systemwide ratio of fare revenues to operating cost.

TABLE 11

**Gold Coast Transit District
Ridership, Revenue and Farebox Return
FY 2010-11 to FY 2016-17**

<u>Fiscal Year</u>	<u>(1) Fixed Route</u>			<u>(2) Paratransit</u>			<u>(3) Total</u>
	<u>Unlinked Passenger Trips</u>	<u>Farebox</u>	<u>Farebox Return</u>	<u>One Way Trips</u>	<u>Farebox</u>	<u>Farebox Return</u>	<u>Farebox Return</u>
	FY 2010-11	3,353,539	\$2,581,811 *	21.3%	76,730	\$164,858 *	12.1%
FY 2011-12	3,476,408	\$3,274,747 *	22.8%	68,618	\$243,823 *	12.0%	21.4%
FY 2012-13	3,566,470	\$3,127,978 *	21.7%	70,927	\$240,054 *	10.7%	20.2%
FY 2013-14	3,817,758	\$3,334,180 **	24.2%	82,495	\$328,541 **	13.1%	22.5%
FY 2014-15	3,906,195	\$4,054,301 **	26.8%	84,604	\$461,725 **	17.5%	25.5%
FY 2015-16 (Projected)	3,840,000	\$4,322,304 ***	24.1%	92,000	\$340,400 ***	11.9%	22.4%
FY 2016-17 (Budgeted)	3,924,900	\$3,955,300 ***	20.7%	97,000	\$367,500 ***	12.6%	19.6% #

* Includes other Local Revenue in Farebox Calculation

** Includes Advertising, MAA Reimbursement and other non-grant revenue in Farebox Calculation; FBRR % includes adjustment for cost/fares on New & Expansion Routes

*** Includes Cost and Revenue Adjustments in Accordance with SB508

Farebox Recovery Ratio compliance to be achieved by realizing both 20% on Fixed Route and 10% on Paratransit

Interest and Other Income

Interest is earned on temporary investments with the State of California Local Agency Investment Fund (LAIF) and on money market funds held at Union Bank. Interest revenue for FY 2015-16 was budgeted at \$12,000. Actual income will finish somewhat higher. The budget for FY 2016-17 is \$13,000. Other income consists of the sale of miscellaneous surplus property and is largely unanticipated activity. The budget for FY 2016-17 is \$1,000.

Advertising Income

GCTD has internally managed a commercial bus advertising sales program since FY 2006-07, and continues to attract advertising contracts from both local and national entities. Revenues for FY 2014-15 were at \$220,000, however GCTD's largest advertiser ended its program and in FY 2015-16 revenues are tracking to \$150,000. The District projects that for FY 2016-17 advertising revenues will bounce back, increasing to \$180,000.

Medi-Cal Reimbursement – Paratransit

GCTD includes in its revenue budget funds received through Ventura County to partially reimburse GCTD for providing Medi-Cal eligible trips on the GCTD ACCESS service, under the Medi-Cal Administrative Activities (MAA) program. Funding is based on

establishing eligibility on a trip-by-trip basis and is received in arrears. GCTD worked with Ventura County Public Health for several years to establish this program.

Reimbursement levels for this program are calculated and funds are received well after the close of the fiscal year in which services are provided. The MAA Reimbursement budget for FY 2016-17 is \$125,000.

Energy Credit Revenue

In FY 2014-15 GCTD began generating and selling both Low Carbon Fuel Standard (LCFS) credits (State of California) for using low-carbon (clean) fuel and Renewable Identification Number (RIN) credits (U.S. EPA) for renewable fuel purchases for our 100% natural gas fleet.

The District is presently tracking to receive more than \$250,000 in revenue for FY 2015-16, and with a recent favorable reclassification of the RIN credits generated by renewable gas purchases on our behalf, for FY 2016-17 the District is budgeting \$354,200 in energy credit revenue.

State Transit Assistance Funds

Historically State Transit Assistance (STA) Funds have been allocated directly to GCTD from the State Controller's Office and distributed to the District through VCTC. In 2010, after the state had eliminated STA funds during a budget crisis, they were restored in response to a successful lawsuit. STA is now funded by a state sales tax on diesel fuel.

The State Controller's Office (SCO) recently changed the long-standing allocation, including agencies that previously were not allocated STA funds and allowing VCTC to determine the final distribution amounts. The California Transit Association (CTA) is leading a legislative challenge to that action, and presently the FY 2016-17 allocation is in limbo. The District's previous annual allocation was in the \$180,000 to \$210,000 range; GCTD is budgeting \$150,000 in State Transit Assistance (STA) for FY 2016-17, which includes some funds carried over from the prior year's allocation.

Federal Grant Funds

GCTD is allocated FTA Section 5307 formula funds for operating assistance, service administration and support, capital assistance for paratransit and preventive maintenance activities, and capital programming. GCTD is also allocated FTA Section 5339 formula funds for Bus and Bus Facilities capital programs. The matching ratio for Section 5307 and Section 5339 formula funds is 80 percent federal and 20 percent local for capital and planning assistance, and 50 percent federal and 50 percent local for operating assistance. The allocation formulas are determined by the population of the area and the level of service provided.

Based on expected funding, VCTC's Program of Projects (POP) for FY 2016-17 allocates \$4,268,837, an 8.3% increase from the FY 2015-16 allocation of \$3,942,691.

Of that amount, \$3,942,691 is allocated under Section 5307 and \$515,047 is allocated under Section 5339.

GCTD's FY 2016-17 POP is allocated as follows:

- \$ 1,050,000 for Operating Assistance
- \$ 200,000 for Service Administration and Support
- \$ 896,613 for Paratransit Assistance
- \$ 1,607,177 for Preventive Maintenance
- \$ 515,047 for the GCTD Operations & Administration Facility
(Section 5339 – Bus Facilities Capital Project)

By comparison, GCTD's Section 5307 funding allocation for FY 2010-11 was \$3,241,097, for FY 2011-12 was \$3,440,103, for FY 2012-13 was \$3,542,859, for FY 2013-14 was \$3,840,593, and for FY 2014-15 was \$3,940,593.

GCTD will carry \$1.67 million in grant funds for operating budget activities from a prior year allocation into FY 2016-17. The District has carried a similar one-year backlog for several years; this eases cash flow concerns for a revenue source that typically is not available to the District until the end of our fiscal year.

In the FY 2016-17 budget GCTD will use FTA Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds for one new route demonstration project; \$560,000 for the second year (first full year) of a three-year demonstration service serving the Saticoy (Wells Center) and Nyeland Acres corridor. This project started in August 2015, and the grant runs through 2018. The match requirement for this grant is 11.5%. Table 15 summarizes Federal grant funds in the FY 2016-17 operating budget.

TABLE 12

Gold Coast Transit District			
Federal Grant Funded Revenue - FY 2016-17 Operating Budget			
<u>Operating Assistance - Federal - (50%)</u>	<u>Total</u>	<u>Federal</u>	<u>Local</u>
Operating Assistance	\$ 2,100,000	\$ 1,050,000	\$ 1,050,000
 <u>Planning Assistance - Federal (80%)</u>			
Transit Service Administration and Support	\$ 125,000	\$ 100,000	\$ 25,000
Marketing & Passenger Awareness Activities	\$ 125,000	\$ 100,000	\$ 25,000
Coordinated Paratransit Administration	\$ -	\$ -	\$ -
 <u>Capital Assistance - Federal (80%)</u>			
ADA Paratransit Service	\$ 1,120,766	\$ 896,613	\$ 224,153
Preventive Maintenance	\$ 2,008,971	\$ 1,607,177	\$ 401,794
TOTAL 5307 Formula Grant Funds	\$ 5,479,738	\$ 3,753,790	\$ 1,725,948
 <u>Demonstration Projects - Federal CMAQ</u>			
Wells Center/Nyeland Acres Route - CMAQ (88.5%)	\$ 632,768	\$ 560,000	\$ 72,768
TOTAL Federal CMAQ Grant Funds	\$ 632,768	\$ 560,000	\$ 72,768
TOTAL Federal Funds in GCTD Operating Budget	\$ 6,112,506	\$ 4,313,790	\$ 1,798,716

Local Assistance

Local Transportation Funding (LTF) is the single largest source of GCTD funding for operating costs. The funds are generated through a state quarter-cent sales tax authorized by the state Transportation Development Act (TDA). LTF funds are allocated by VCTC to each local jurisdiction through a population-based formula.

Since July 1, 2014 when Gold Coast Transit changed from a joint powers authority (JPA) to a transit district, the District is entitled to claim all of the LTF allocated to its member jurisdictions. In accordance with GCTD's enabling legislation, GCTD members may claim from GCTD a portion of those funds for transit services or the operation and maintenance of locally supported transit facilities. The district's by-laws provide for this process, by which each member may submit to GCTD its LTF funding requests. GCTD and its members established a baseline for recurring expenses in FY 2014-15; this baseline is the initial basis for future years' claim requests. Requests for non-recurring expenses will be assessed and either funded in the current year or incorporated into the capital planning process.

For FY 2016-17, the full LTF allocation to GCTD is \$15,100,317. Members' claims for recurring transit services costs total \$2,219,385, less \$603,636 in funds allocated to members but not expended in FY 2014-15 per audited financials; these funds are to be returned to GCTD as a credit to the respective members in FY 2016-17. The FY 2016-17 budget allocates an additional \$400,000 in LTF to members for transit capital projects. Net LTF funding available for GCTD operations is \$13,084,568.

A summary of FY 2016-17 LTF Revenue and funding detail for members' recurring and non-recurring transit services items is shown in Table 16. A summary of Revenue Sources and Uses for the FY 2016-17 Budget is shown in Table 17.

TABLE 13

**Gold Coast Transit District
LTF Revenue and Members' Transit Services Funding - FY 2016-17**

<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>
June 2016- FY16-17 LTF Allocation (Subject to Final VCTC Approval)		<u>\$15,100,317</u>	<u>\$254,259</u>	<u>\$7,039,023</u>	<u>\$771,991</u>	<u>\$3,691,528</u>	<u>\$3,343,516</u>
<u>FUNDING REQUESTS FOR RECURRING TRANSIT REQUIREMENTS</u>							
Ojai Trolley Operations & Maintenance	Ojai	\$177,000	\$177,000				
OTC Operation & Maintenance / Transit Services	Oxnard	\$461,059		\$461,059			
VTC Operation & Maintenance	Ventura	\$253,250				\$253,250	
Recurring Bus Stop Maintenance	Oxnard/P.H.	\$80,663		\$50,000	\$30,663		
Bus Stop Amenities	Port Hueneme	\$25,553			\$25,553		
Transit Service - Heritage Valley	Ventura County	\$550,000					\$550,000
Transit Service - Oak Park D-A-R	Ventura County	\$0					\$0
Transit Service - Ojai Trolley	Ventura County	\$231,860					\$231,860
Transit Service - ECTA D-A-R	Ventura County	\$90,000					\$90,000
Transit Service - Kanan Road Shuttle	Ventura County	\$350,000					\$350,000
TOTAL - RECURRING TRANSIT REQUIREMENTS		\$2,219,385	\$177,000	\$511,059	\$56,216	\$253,250	\$1,221,860
Less: Credit for FY 2014-15 Carryover		<u>(\$603,636)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$51,698)</u>	<u>(\$251,171)</u>	<u>(\$300,767)</u>
Net LTF Funding for FY 2016-17 Recurring Transit Requirements		\$1,615,749	\$177,000	\$511,059	\$4,518	\$2,079	\$921,093
FY 2016-17 FUNDING BASELINE		\$2,491,906	\$111,196	\$511,059	\$56,216	\$255,529	\$1,557,906
Amount Requested Under/(Above) Baseline		\$272,521	(\$65,804)	\$0	\$0	\$2,279	\$336,046
<u>REQUESTED MEMBER CAPITAL IMPROVEMENT PROJECTS</u>		<u>TOTAL</u>	<u>OJAI</u>	<u>OXNARD</u>	<u>PORT HUENEME</u>	<u>VENTURA</u>	<u>VENTURA COUNTY</u>
Bus Stop Upgrades	Ventura County	\$150,000					\$150,000
Remodel VTC Bathrooms	Ventura	\$150,000				\$150,000	
Bus Stop - Ventura Rd. & Bard	Port Hueneme	\$75,000			\$75,000		
Trolley Washpad and Collection System	Ojai	\$45,000	\$45,000				
Vehicle Storage Area Soundwall	Ojai	\$30,000	\$30,000				
<i>FY15-16 Project Cancelled per City of Ojai</i>							
Ojai Trolley Five-Bay Bus Shelter	Ojai	<u>(\$50,000)</u>	<u>(\$50,000)</u>				
TOTAL CAPITAL IMPROVEMENTS		\$400,000	\$25,000	\$0	\$75,000	\$150,000	\$150,000
Available LTF Funding for GCTD		\$13,084,568					

TABLE 14

Gold Coast Transit District
Sources and Uses of FY 2016-17 Revenues

FY2016-17 Revenue Sources

Federal Revenue -5307 Formula (FY16)	\$4,268,837
Federal Revenue - CMAQ / JARC	\$560,000
State Transit Assistance	\$150,000
LTF Revenue - (FY2016-17)	\$15,100,317
Deferred GCTD LTF Income - FY14-15 Carryover	\$3,614,209
Deferred Member LTF Income - FY14-15 Carryover	\$603,636
Passenger Fares	\$3,451,900
MAA Fare Reimbursements	\$125,000
Advertising Revenue	\$180,000
Energy Credit Sale Revenue	\$354,200
Alternative Fuel Credit Revenue	\$251,000
Other Revenue	<u>\$14,000</u>
Total Current Year Revenue Sources	<u>\$28,673,099</u>

FY2016-17 Revenue Uses

Operating Budget, Net of Bond Payments	\$23,630,600
LTF Funds - Dedicated to Bond Payments	\$609,953
Federal Funds - Dedicated to Bond Payments	\$515,047
Member Recurring Transit Requirements	\$2,219,385
Member Capital Improvements	\$400,000
GCTD Capital Reserve Contribution	\$250,000
LTF Deferred to FY18-19 (Operating Reserve)	<u>\$1,048,114</u>
Total Current Year Revenue Uses	<u>\$28,673,099</u>

APPENDIX A – Operational Unit FY 2016-17 Budgets

TABLE 15

**Gold Coast Transit District
Fixed Route Operating Budget
July 1, 2016 to June 30, 2017**

<u>FIXED ROUTE</u>	<u>FY14-15 Budget</u>	<u>FY14-15 Actuals</u>	<u>FY15-16 Budget</u>	<u>Proposed Budget FY16-17</u>	<u>% +/- FY17 vs. FY16</u>
<u>Employees</u>					
Salaries	6,959,400	6,714,744	7,227,400	7,652,800	+5.9%
Health Benefits	1,232,600	1,255,116	1,358,400	1,405,500	+3.5%
WCI	773,600	773,585	794,500	994,500	+25.2%
Retirement	1,450,700	998,444	1,326,000	1,317,800	(0.6%)
Other Benefits	174,500	128,535	147,100	163,700	+11.3%
Uniforms	56,500	43,320	56,500	57,000	+0.9%
Medical Exams	35,000	35,492	37,000	37,000	+0.0%
Safety & Training	17,500	12,404	22,500	22,500	+0.0%
<u>Service/Supplies - Operational</u>					
Fuel/Lube	982,200	615,427	709,700	647,100	(8.8%)
Tires	90,000	90,808	95,000	100,000	+5.3%
Supplies	11,000	21,550	6,500	7,800	+20.0%
Maintenance Agreements	22,500	7,901	6,200	7,400	+19.4%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	<u>110,000</u>	<u>103,890</u>	<u>108,200</u>	<u>114,500</u>	+5.8%
TOTAL	<u>\$11,915,500</u>	<u>\$10,801,217</u>	<u>\$11,895,000</u>	<u>\$12,527,600</u>	+5.3%

TABLE 16

Gold Coast Transit District
Maintenance Operating Budget
July 1, 2016 to June 30, 2017

<u>MAINTENANCE</u>	<u>FY14-15</u>	<u>FY14-15</u>	<u>FY15-16</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY17 vs.</u>
				<u>FY16-17</u>	<u>FY16</u>
<u>Employees</u>					
Salaries	1,420,500	1,178,871	1,410,900	1,487,600	+5.4%
Health Benefits	232,400	188,562	216,400	210,800	(2.6%)
WCI	109,100	109,098	108,700	126,400	+16.3%
Retirement	271,500	224,048	256,200	258,400	+0.9%
Other Benefits	50,900	27,479	41,600	44,200	+6.3%
Uniforms	18,800	10,190	19,000	20,500	+7.9%
Medical Exams	6,200	6,317	6,200	6,900	+11.3%
Safety & Training	15,500	8,961	16,000	18,000	+12.5%
<u>Service/Supplies - Operational</u>					
Fuel/Lubricants	23,000	17,180	23,000	30,000	+30.4%
Tires	75,000	53,125	80,000	75,000	(6.3%)
Repair Parts	667,000	585,357	662,000	668,000	+0.9%
CNG Fuel Station	130,000	70,412	100,000	90,000	(10.0%)
Contract Repair	300,000	176,388	270,000	335,400	+24.2%
Supplies	143,000	143,704	141,800	154,300	+8.8%
Warranty Recovery	0	0	0	0	+0.0%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	49,700	45,820	47,800	51,800	+8.4%
Contract Services	<u>70,000</u>	<u>65,237</u>	<u>80,000</u>	<u>61,000</u>	(23.8%)
TOTAL	<u>\$3,582,600</u>	<u>\$2,910,750</u>	<u>\$3,479,600</u>	<u>\$3,638,300</u>	+4.6%

TABLE 17

Gold Coast Transit District
Administration Operating Budget
July 1, 2016 to June 30, 2017

<u>ADMINISTRATION</u>	<u>FY14-15</u> <u>Budget</u>	<u>FY14-15</u> <u>Actuals</u>	<u>FY15-16</u> <u>Budget</u>	<u>Proposed</u> <u>Budget</u> <u>FY16-17</u>	<u>% +/-</u> <u>FY17 vs.</u> <u>FY16</u>
<u>Employees</u>					
Salaries	1,064,400	993,165	1,168,700	1,312,000	+12.3%
Health Benefits	119,800	110,324	138,500	129,700	(6.4%)
WCI	8,100	8,101	5,100	7,000	+37.3%
Retirement	221,100	197,913	234,300	260,500	+11.2%
Other Benefits	49,000	43,765	45,100	55,500	+23.1%
Uniforms	500	0	900	900	N/A
Medical Exams	1,000	952	1,000	1,000	+0.0%
Safety & Training	43,000	33,036	51,000	66,500	+30.4%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	26,200	24,155	26,500	31,500	+18.9%
Insurance	536,400	396,853	582,600	867,800	+49.0%
Contract Services	92,000	56,436	165,700	160,300	(3.3%)
Supplies	71,700	117,222	93,500	95,500	+2.1%
Legal	76,000	110,675	72,000	57,000	(20.8%)
Interest Expense	3,200	3,400	3,000	5,000	N/M
Audit	21,000	18,508	40,000	32,000	(20.0%)
Officers & Directors	36,000	36,404	40,000	55,000	+37.5%
Dues	45,000	36,986	45,500	47,700	+4.8%
Total	<u>\$2,414,400</u>	<u>\$2,187,895</u>	<u>\$2,713,400</u>	<u>\$3,184,900</u>	+17.4%

TABLE 18

Gold Coast Transit District
 Paratransit/ Planning and Marketing Operating Budget
 July 1, 2016 to June 30, 2017

<u>PARATRANSIT / PLANNING AND MARKETING</u>	<u>FY14-15 Budget</u>	<u>FY14-15 Actuals</u>	<u>FY15-16 Budget</u>	<u>Proposed Budget FY16-17</u>	<u>% +/- FY17 vs. FY16</u>
<u>Employees</u>					
Salaries	613,900	488,158	702,400	740,500	+5.4%
Health Benefits	86,600	74,817	92,700	97,200	+4.9%
WCI	4,700	4,700	3,300	4,500	+36.4%
Retirement	121,800	88,218	119,300	136,300	+14.2%
Other Benefits	13,200	12,443	13,900	21,900	+57.6%
Uniforms	700	0	1,000	1,000	N/A
Medical Exams	600	541	600	600	+0.0%
Safety & Training	10,000	9,938	13,000	20,000	+53.8%
<u>Service/Supplies - Operational</u>					
Paratransit Service Contract	2,625,200	2,353,347	2,625,500	2,748,300	+4.7%
Fuel/Lubricants	150,300	120,772	106,700	104,600	(2.0%)
Tickets/Schedules	80,500	89,007	91,000	78,500	(13.7%)
Marketing	102,700	70,240	125,600	139,300	+10.9%
Contracts	63,800	50,950	46,000	62,700	+36.3%
OTC Facilities	24,000	11,279	11,600	15,000	+29.3%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	2,900	8,615	10,100	11,600	+14.9%
Supplies	2,000	14,564	7,000	27,500	+292.9%
Contract Services	<u>43,000</u>	<u>83,997</u>	<u>38,300</u>	<u>70,300</u>	+83.6%
TOTAL	<u>\$3,945,900</u>	<u>\$3,481,587</u>	<u>\$4,008,000</u>	<u>\$4,279,800</u>	+6.8%
PARATRANSIT	\$2,974,200	\$2,657,691	\$2,924,600	\$3,074,400	+5.1%
PLANNING AND MARKETING	\$971,700	\$823,896	\$1,083,400	\$1,205,400	+11.3%

APPENDIX B – GLOSSARY

Audit – GCTD’s annual financial record audit performed by an independent CPA firm.

CNG Fuel Station – Maintenance and upgrade expenses related to GCTD’s onsite CNG fueling station.

Contracted Paratransit Service – Contract for the GCTD ACCESS paratransit service. This service is currently provided by MV Transportation.

Contract Repair – Expenses incurred to repair vehicles, equipment and facilities through outside vendors. Major overhauls of engines, transmissions, parts, painting, oil/fuel testing and other repairs are charged to this line item.

Contract Services – Expenses include computer hardware/software maintenance; office equipment maintenance, off-site storage fees, temporary help, janitorial, security, landscape and other services.

Dues – Fees associated with professional memberships or subscriptions, such as the American Public Transit Association, California Transit Association, National Safety Council and local Chambers of Commerce.

Employee Support – Includes: salaries, health benefits, worker’s compensation insurance, retirement, life insurance, uniforms, medical exams and safety programs.

Fuels/Lubricants – CNG and lubricant products for GCTD revenue and non-revenue vehicles. Also included are fuel taxes--GCTD is required to pay State Excise taxes of \$.01/therms of CNG – as well as any alternative fuel excise tax credit earned.

Health Benefits – GCTD portion of the health, dental and vision insurance premiums for employees.

Insurance – Liability insurance for vehicles, errors & omission, bonding, traveling, boiler, employer liability, etc.

Legal – Costs associated with legal services required by GCTD, including but not limited general counsel and labor/employment counsel services.

Maintenance Agreements – Maintenance agreements include the two-way radio, radio repeater, and coin counting machine.

Medical Exams –The MOU’s provide for bi-annual physical examinations for all represented employees. Management and non-represented employees are provided an exam annually. New employees are given pre-employment exams and employees absent from work for significant periods of time are examined prior to their return to work. Pre-employment physicals and exams of safety-sensitive personnel include a drug/alcohol screen, which is required by FTA regulations and GCTD policy.

Officers & Directors – Expenses related to Board of Directors attendance at board and committee meetings, conferences and travel/per diem while attending conferences or meetings. Included are the costs incurred by senior management employees while attending approved meetings and conferences, as well as official employee functions sanctioned by the General Manager.

OTC Facilities – The Customer Service Center (CSC) at the Oxnard Transportation Center (OTC), which provides route and schedule information and other services for transit passengers.

Other Benefits – GCTD's contribution for unemployment insurance, FICA/Medicare, Employee Assistance Program (EAP), life insurance for represented and non-represented employees and deferred compensation for the General Manager. The EAP is required as a part of GCTD's Drug and Alcohol Program and the represented employee MOUs.

Repair Parts – Repair parts are the materials, parts and components used in repairing vehicles and equipment.

Retirement – GCTD's contribution for its employees to the California Public Employee Retirement System (CalPERS).

Risk Management – Program to manage and reduce risk, especially industrial injuries.

Safety Programs – Annual safety awards function, safety awareness activities, incentive awards, training videos and similar activities.

Salaries – Salary and wages of all employees. For represented positions this includes current salary, agreed upon step increases, agreed upon longevity and bilingual pay. For non-represented positions this includes current wages, merit increases in accordance with the personnel policy, longevity and bilingual pay, and a projected cost of living increase, if any (to be determined by the Board of Directors).

Schedules/Marketing – This includes the GCTD Bus Book, maps, tickets, passes and artwork for public information and promotional products. Also included are media advertising, printing of promotional brochures, participation in fairs, parades, promotions, Chamber of Commerce functions and other community outreach activities.

Service/Supplies – Operational – Items related to operations, including fuels/lubricants, tires, repair parts, CNG fuel station maintenance and upgrades, contracted paratransit service, contract repair, supplies, schedules/marketing, OTC facilities and maintenance agreements.

Service/Supplies – Support – Items related to the support of GCTD services, but which are not direct operational expenses. Includes telephones/utilities, insurance, contract services, supplies, legal, audit, officers and directors and dues.

Supplies – For Fixed Route, expenses includes cash handling supplies, repair of locks, gate openers, etc. For Maintenance, expenses includes miscellaneous repair parts, industrial gases, repair of farebox counting equipment, non-stock parts and other miscellaneous parts, printing materials, freight, mail/delivery services, non-vehicle maintenance, and janitorial supplies. Also included is the mechanics' tool allowance as per union contract. For administrative departments, expenses include office supplies, computer supplies, computer software/hardware, copier costs, postage, office printing, office furniture and other associated expenses.

Telephones/Utilities – Costs associated with communications services, as well as electric, gas, water and refuse charges for the facility.

Tires –New tires are required for the front axles of all buses. Recapped tires are typically purchased for the rear axles of the buses.

Uniforms – Uniforms are provided by contract to the maintenance and operation employees. Bus Operators are provided three pairs of pants, five shirts and a cap annually. Every other year jackets/sweaters are provided. Operations supervisors are provided three pairs of pants, five shirts, a vest, a tie and a cap. Maintenance employees are provided rental uniforms cleaned and delivered by a vendor.

Urbanized Area (UZA) – The FTA has designated areas over 200,000 population as specific urbanized areas. GCTD's service area is part of the Oxnard UZA.

Workers' Compensation Insurance – Premium for the required workers' compensation insurance provided to GCTD by the California State Association of Counties-Excess Insurance Authority (CSAC-EIA).