



April 4, 2018

Item #6

TO: GCTD Board of Directors

FROM: Steve L. Rosenberg   
Director of Finance and Administration

RE: Consider Approval of FY2017-18 Budget Adjustments

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## I. EXECUTIVE SUMMARY

As GCTD approaches the end of Fiscal Year 2017-18 there have been several positive occurrences that were not anticipated when the FY2017-18 budget was prepared. Additionally, GCTD has been requested by the County of Ventura to reallocate the LTF funding they received from GCTD as a municipal operator, and the City of Ojai has requested that GCTD consider replacing a portion of the LTF funds they receive to operate the Ojai Trolley with locally-generated funds, to facilitate their compliance with the TDA-mandated 20% farebox recovery ratio.

In response to these issues, GCTD staff is proposing several changes to the FY2017-18 Operating Budget approved by the Board on June 7, 2017.

These changes to GCTD's Operating Revenue Budget net to zero:

- Reduce the Special Transit Fares (FR) – Member Governments revenue line item from \$352,000 to \$0, a decrease of \$352,000.
- Reduce the Preventive Maintenance – Federal revenue line item from \$1,719,989 to \$1,534,812, a decrease of \$185,177.
- Increase the Alternative Fuel Excise Tax Credit revenue line item from \$0 to \$537,177, an increase of \$537,177.

These changes to GCTD's funding allocation to the City of Ojai for operation of the Ojai Trolley net to zero. They are:

- Reduce the Ojai Trolley Operations & Maintenance Local Transportation Fund (LTF) allocation line item from \$182,000 to \$121,336, a reduction of \$60,664. GCTD will retain this additional \$60,664 of LTF for GCTD operations, however a corresponding budget adjustment is not required.

### GOLD COAST TRANSIT DISTRICT

- GCTD will provide Ojai \$60,664 in revenue sharing from GCTD's Energy Credit Revenue line item. No corresponding budget adjustment is required, because GCTD's Energy Credit Revenue was budgeted at \$353,500 for FY 2017-18 but is expected to exceed \$600,000.

These changes to GCTD's LTF allocation to the County of Ventura net to zero. They are:

- Reduce the Transit Service - Heritage Valley line item from \$250,000 to \$200,000, a reduction of \$50,000.
- Increase the Transit Service - T.O. D-A-R / Unincorporated Area line item from \$110,000 to \$150,000, an increase of \$40,000.
- Increase the Transit Service - ECTA D-A-R line item from \$22,000 to \$32,000, an increase of \$10,000.
- Reduce the funding for capital project Bus Stop Upgrades from \$150,000 to \$125,000, a reduction of \$25,000.
- Add a new capital project titled Automatic Voice Annunciator System – Kanan Shuttle fleet funded for \$25,000.

## II. BACKGROUND

### GCTD Operating Budget

GCTD experienced three positive revenue events this year that were not anticipated when the FY 2017-18 budget was prepared. In August 2017 GCTD received \$832,000 in deferred Alternative Fuel Commercial Vehicle Tax Credit revenue from New Flyer Inc. associated with our purchase of 26 buses in 2007-2008; the delay was caused by limitations on the number of credits New Flyer could claim on each annual tax return. This was a one-time occurrence.

In September 2017, GCTD was able to renegotiate the terms of the remaining two one-year options for our natural gas contract, reducing CNG costs and substantially increasing energy credit revenue. This could provide an additional \$250,000 - \$300,000 in revenue for FY2017-18, and the terms extend through September 2019. In February 2018 the President signed the Bipartisan Budget Act of 2018, including an extension of the lapsed Alternative Fuel Tax Credit retroactively for 2017. This one-year extension will provide approximately \$475,000 - \$500,000 in one-time revenue for GCTD in FY2017-18.

As a result of this additional revenue, GCTD's farebox recovery ratio will easily exceed the required 20% for FY2017-18. The operating revenue budget anticipated using \$352,000 in previously deferred local revenue to assure compliance. Since that is no longer an issue, the proposed budget adjustment will defer these funds for

future use. The operating revenue budget also anticipated supplementing the 2017 allocation of Federal Preventive Maintenance grant funds with an additional \$185,177 from prior year Federal Preventive Maintenance grant funds; this is no longer necessary. Staff annually uses prior year Preventive Maintenance funds on a rolling basis to offset the cash flow impact of continually-delayed federal budgets, and this proposal is to reduce use of additional funds in FY2017-18 and preserve those grant funds for future use.

Ojai Trolley Funds

The recent TDA Audit of the Ojai Trolley determined that for FY2016-17 the Trolley was out of compliance with the 20% farebox recovery ratio. Under the TDA statute, GCTD, and consequently Ojai, would be penalized with a loss of revenue if it failed to achieve compliance in FY2017-18. The City of Ojai recently enacted changes to service and fares to address this issue going forward, but without receiving additional local revenue it is almost certain Ojai would not achieve compliance in FY2017-18. As the result of GCTD having received unanticipated non-recurring revenue in FY2017-18 it can assist Ojai by substituting \$60,664 in locally-generated revenue for a portion of Ojai's FY2017-18 LTF allocation. GCTD and the City of Ojai agree there is no expectation that such assistance will be possible in future years.

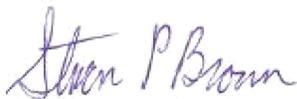
Ventura County LTF Allocation

The changes to the County of Ventura LTF allocation were specifically requested by the County in two letters to GCTD in response to cost and requirements changes for the various transit services the County supports.

**II. SUMMARY AND RECOMMENDATIONS**

**IT IS RECOMMENDED that the Board of Directors approve the adjustments to GCTD's Operating Budget and LTF allocations discussed herein.**

Concurrence:



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Steven P. Brown  
General Manager