



Item #8

DATE: June 7, 2017

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 2017-18 Operating, Planning and Capital Budget**

I. EXECUTIVE SUMMARY

The Gold Coast Transit District FY 2017-18 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. A preliminary budget was reviewed and discussed with the GCTD Technical Advisory Committee (TAC) on April 19, 2017 and with the Board's Fiscal Policy Committee on April 19, 2017. A full report on the proposed FY 2017-18 operating budget was presented for review and comment to the Board on May 3, 2017. The final version of the budget was recommended for approval by the TAC on May 17, 2017.

The proposed operating budget for FY 2017-18 is \$24,036,600, a 1.7% increase from the adopted FY 2016-17 budget. As stated to the Board in May, this is a minimum-growth budget. For FY 2016-17 GCTD is currently running under its operating budget; making use of that underrun, eliminating one budgeted but presently unfilled staff position and incorporating modest reductions in discretionary spending allows for a no-growth budget excluding two line items; the budget does reflect significant increases for insurance and claims expense associated with a spike in liability claims in GCTD's liability indemnity pool, and for continued growth in demand for GCTD ACCESS paratransit services.

GCTD's Local Transportation Fund (LTF) funding, the District's largest funding source, is proposed to be \$15,043,768, if approved by the Ventura County Transportation Commission (VCTC) on June 2, 2017. This is a 0.4% decrease from the FY 2016-17 allocation approved in June 2016. The allocation for FY 2017-18 Federal 5307 and 5339 formula funding is \$4.78 million, an 11% increase from the FY 2016-17 allocation; some of this allocation is programmed for the debt service budget. The budget also includes \$600,000 in Federal Congestion Mitigation Air Quality (CMAQ) demonstration project (new routes) funding for Route 22 (Wells Center (Saticoy)-Nyeland Acres).

GOLD COAST TRANSIT DISTRICT

June 7, 2017

Conduct Public Hearing to Consider Adoption of FY 2017-18 Operating, Planning & Capital Budget

Page 2 of 8

Estimated passenger fares for FY 2017-18 are \$3.31 million. The District also generates revenue from its advertising sales program, receives funding as partial reimbursement for Medi-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 2017-18 Operating, Planning and Capital Budget document 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 2017-18 Operating, Planning and Capital budget. After the public hearing is completed, it is recommended that the Board adopt the FY 2017-18 Operating, Planning and Capital budget.

II. BACKGROUND INFORMATION

a) Operating Budget

The proposed operating budget for FY 2017-18 is \$24,036,600, a 1.7% increase from the adopted FY 2016-17 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 2017-18, the preliminary LTF revenue allocation for GCTD approved by the Ventura County Transportation Commission (VCTC) in February 2017 was \$14,979,129. The final amount expected to be approved by VCTC on June 2, 2017 is \$15,043,768; this is GCTD's 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 baseline 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 2017-18 the premised LTF allocation to GCTD is \$15,043,768 and members' claims for recurring transit services costs total \$2,046,387, however the District will reclaim as a carryover credit \$269,446 in FY 2015-16 operating funds not spent by the members. For FY 2017-18 the District proposes to fund \$270,334 in discretionary non-recurring projects. That leaves \$12,996,493 for GCTD's use.

GCTD is budgeting \$159,000 in State Transit Assistance (STA) for FY 2017-18. In 2016 the State Controller's Office (SCO) changed the long-standing allocation formula in a way that would have provided GCTD with a lower allocation than the \$180,000 to \$210,000 annually that

June 7, 2017

Conduct Public Hearing to Consider Adoption of FY 2017-18 Operating, Planning & Capital Budget

Page 3 of 8

the District previously received. The California Transit Association (CTA) led an effort to enact a temporary roll-back to the previous process, and AB 1113 currently before the State legislature would provide a permanent resolution for this issue. In addition, the Governor recently signed into law SB 1, increasing a variety of taxes and fees to fund transportation infrastructure projects; among the transit uses included in this bill is increased STA funding. While we do have some early estimates, it is not clear when recipients will begin to receive this additional funding, so these additional funds are not included in this budget.

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." In FY 2017-18, GCTD is projected to receive \$4.78 million in Section 5307 and Section 5339 (Bus and Bus Facilities) formula funding, an 11% increase from GCTD's FY 2016-17 allocation. The increase is primarily the result of a non-recurring reduction in countywide planning funding the Ventura County Transportation Commission (VCTC) takes "off the top."

GCTD's FY 2017-18 operating budget includes \$600,000 in funds from a Federal Congestion Mitigation and Air Quality (CMAQ) grant that supports the provision of new service; a three-year grant commencing in FY 2015-16 for Route 22 serving the Wells Center (Saticoy)-Nyeland Acres corridor.

Passenger fares revenues for fixed route service are budgeted at \$3.05M, a decrease of 5% from the FY 2016-17 budget. Fare revenues for FY2016-17 as of March 2017 are tracking 5% below FY 2015-16 revenues and 10% below the FY 2016-17 budget. It is anticipated that FY 2017-18 will see a 4 - 5% increase from this year's level.

Passenger fare revenues for paratransit service are budgeted for \$262K in FY 2017-18, an 8% increase above the FY 2016-17 budget and close to the projected paratransit fare revenue for FY 2016-17.

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. FY 2017-18 marks the fifth year GCTD has received these funds. The District has budgeted \$195,000 in revenue for these 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 \$220,000 in FY 2014-15. As the result of losing our largest advertising customer, FY 2015-16 revenue was down to \$153,000 and FY 2016-17 is tracking to approximately \$150,000. GCTD anticipates some improvement and is budgeting \$160,000 in FY 2017-18.

Since FY 2014-15 GCTD has been receiving revenue related to dispensing compressed natural gas (CNG) 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 budgeted \$354,200 in revenue for FY 2016-17 and is presently tracking to approximately that amount. For FY 2017-18, GCTD is budgeting for \$353,500 in energy credit revenue.

GCTD has been claiming the Federal Alternative Fuel Excise Tax Credit for its use of CNG as a vehicle fuel since 2007. Recently this credit has generated approximately \$500,000 per year for

the District. This tax incentive expired and was retroactively extended by Congress multiple times, the last time in December 2015. The most recent extension expired on December 31, 2016, and no extension appears to be forthcoming. GCTD is not budgeting for this credit in FY 2017-18.

Operating Expense

The proposed operating budget for FY 2017-18 is \$24,036,600, a 1.7% increase from the adopted FY 2016-17 budget of \$23,630,600. Following is a description of the major cost areas.

Labor Expense – Labor and fringe benefit costs for the FY 2017-18 budget are projected to increase 0.6% as compared to the FY 2016-17 budget. GCTD contract employees will receive a 3% contractual wage increase in July 2017 and a similar increase is anticipated for other GCTD employees. Mitigating factors include the FY 2016-17 labor and fringe benefit costs tracking 4.5% under budget, one new staff position budgeted but not filled in FY 2016-17 will remain unfilled, and some efficiency adjustments to GCTD's service schedules resulted in the reduction of 1,137 revenue service hours (RSH).

CalPERS methodology for calculating GCTD's employer-paid pension costs (included in fringe benefit costs above) has changed for FY 2017-18. This entire amount was previously a percentage of eligible wages; last year this was 17.048%. For FY 2017-18 the Employer Normal Cost portion is a percentage (9.855%) but the Employer Payment of Unfunded Liability portion is a fixed amount. While this will undoubtedly increase GCTD's costs in the long-term, for FY 2017-18 costs are close to or slightly lower than staff would have anticipated under the old formula.

Boardings – The budget premise for FY 2017-18 fixed route service is 3.78 million boardings, a 3.7 % decrease from the FY 2016-17 budget premise of 3.92 million boardings. The current forecast for actual boardings at FY 2016-17 year end is 7.8% under the budget premise.

The budget premise for FY 2017-18 ACCESS paratransit service is for 106,600 boardings, a 10% increase from the FY 2016-17 budget premise of 97,000 boardings. The current forecast for actual boardings at FY 2016-17 year end is 6% above the budget premise; at the forecasted level, boardings on GCTD's ACCESS service will have increased by 50% in the five years from the recession low point in FY2011-12.

Service Adjustments – GCTD will be implementing slightly fewer (-0.6%) RSH in FY 2017-18, with revenue service hours (RSH) decreasing from 203,488 in FY 2016-17 to 202,351 in FY 2017-18. Revenue service miles (RSM) will also decrease slightly (-0.8%), from 2,192,544 in FY 2016-17 to 2,175,715 in FY 2017-18. Minor schedule revisions were made to improve overall system efficiency, frequency on routes and on-time performance as well as reducing travel time for passengers in some cases. Additionally, a small number of late-night trips with very low ridership were eliminated.

GCTD's budgeted fixed route cost per revenue hour for FY 2017-18 is \$102.04, a 1% increase from the budgeted cost of \$101.02 in FY 2016-17, and the budgeted fixed route cost per revenue mile is \$9.49, a 1.2% increase from the budgeted cost of \$9.38 in FY 2016-17.

Insurance – GCTD's FY 2017-18 budget includes modest increases across most insurance lines, with significant increases to the liability insurance program.

For liability insurance GCTD belongs to the California Transit Indemnity Pool (CalTIP), a 34-member Joint Powers Authority formed in 1987 for the purpose of creating a self-funded insurance pool. Public sector insurance pools allow members 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.

CalTIP self-insures all claims against pool members up to \$1.25 million (in FY 2016-17), with excess and reinsurance covering claims in excess of that amount. GCTD carries coverage up to \$25 million. Being in CalTIP also afforded GCTD the opportunity to carry liability insurance with a zero self-insured retention (SIR, like a deductible), with any excess contributions being returned to GCTD in the form of a "retrospective adjustment" (like a dividend) in a future year. The past few years have been increasingly challenging for CalTIP, with the pool experiencing numerous large claims. This has significantly increased members' rates and reduced the likelihood of retrospective adjustments in the near-term.

To keep costs down, CalTIP has increased its SIR to \$1.5 million and GCTD has increased its SIR to \$25,000. This has allowed GCTD's liability insurance budget line item to drop from \$801,000 in FY 2016-17 to \$720,000 in FY 2017-18. This does require the District to establish a claims expense budget for costs under the SIR. GCTD's claims expense budget for FY 2017-18 is \$230,000. The total of these two line items is slightly less than our liability costs would have been under the previous deductible.

GCTD's workers' compensation insurance (WCI) budget for FY2016-17 was \$1,132,400, which was based on a preliminary proposal from GCTD's WCI pool, the California State Association of Counties Excess Insurance Authority (CSAC-EIA). The final cost for FY 2016-17 was substantially lower than the preliminary proposal, just over \$936,000. This year's budget of \$1,019,800 is an estimate that includes an increase from this year's cost as well as a factor to reduce this year's preliminary estimate.

Fuel & Lubricants - The FY 2017-18 budget for fuel and lubricants is \$785,100, a 0.4% increase from the FY 2016-17 budget of \$781,700. GCTD continues to benefit from the continued low commodity price for natural gas, combined with GCTD's supplier agreement providing an additional 4% discount off the published market price. This discount will increase to 6% in October 2017 if GCTD exercises its contract option. GCTD has transitioned to a more fuel-efficient paratransit fleet vehicle composition, which also contributes to keeping fuel costs under control.

The unit price used to calculate the FY 2017-18 budget is 10% above the twelve month average price as of March 2017; this unit price is also approximately 10% above the May 2017 price.

Paratransit operations - The budget for contracted paratransit services in FY 2017-18 is \$3,083,200, a 12.2% increase from the FY 2016-17 budget of \$2,748,300. Current year costs are trending 4% higher than budget. The budget premise for service demand in FY2017-18 is a 10% increase from the FY 2016-17 budget premise, with current year demand trending 6% higher than premised. Cost increases are moderated by exercise of the final option year of a long-term service contract.

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 fares plus 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 and will continue to be an ongoing challenge. Many California transit agencies meet this requirement using local revenue from dedicated transit sales taxes; Ventura County is the most populous county in California that does not have a dedicated transit tax.

Recent legislation clarified how local revenues may be included in the farebox recovery ratio calculation and how certain cost increases can be adjusted with regard to the calculation. This provides 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 and the Medi-Cal paratransit trip reimbursements.

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.”

Additionally, GCTD has a modest reserve of local deferred revenue from a prior year. The FY 2017-18 budget premise includes using a portion of that deferred revenue to supplement current year revenues for FBRR purposes. Including that revenue, the farebox recovery ratio in GCTD’s FY 2017-18 budget is 20% for fixed route and 14.6% for paratransit.

b) Capital Budget

The most significant item in GCTD’s Ten-Year Capital Project Plan is the New Administration and Operations Facility. The existing facility has been operating well above its designed capacity; it is far smaller than the industry standard for our current fleet and service level. No further staffing and service expansion would have been feasible on the existing site.

The new facility is completely funded and construction is now underway. Construction began on March 27, 2017, and a public groundbreaking ceremony was held on May 10, 2017. The ECD for construction completion is September 26, 2018.

The working estimate-at-completion for the facility is \$52.1 million. GCTD has \$26.6 million in grant 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. GCTD successfully issued Certificates of Participation (COP) financing to raise \$22 million for the Project Fund (as well as almost \$1.4 million for the required Reserve Fund). The remaining \$3.5 million of the project cost will be covered by GCTD’s Capital Reserve Fund.

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

June 7, 2017

Conduct Public Hearing to Consider Adoption of FY 2017-18 Operating, Planning & Capital Budget

Page 7 of 8

additions to the District's technology in support of more efficient transit service and a more productive workforce.

Historically most of GCTD's capital funding has come from federal transit grants, which generally cover 80% of cost and require a 20% local match component, however the past few years have seen substantial support and activity for increased transit funding at the State level. California's Transit and Intercity Rail Capital Program (TIRCP) and Low Carbon Transit Operations Program (LCTOP) programs, discretionary grant programs funded from the Cap-and-Trade Program, may provide increasing support for transit projects in future years.

Additionally, the recently enacted SB1 legislation that primarily provided funding for street and highway repair also provides for transit State of Good Repair funds, additional STA funds and additional funding for the discretionary TIRCP grant program, all of which could benefit GCTD. As a result, for future programmed projects for which funding has not yet been identified, the plan makes no assumption of Federal-State-local split.

The total projected cost for all items on the ten-year capital project plan is \$95.7 million, which includes \$52.1 million for the new facility project, \$5.5 million for other programmed projects for which funding has been identified and \$38.1 million of programmed projects over the next ten years for which funding has not yet been identified.

Capital Reserve Contribution – With the addition of COP payments commencing in FY 2017-18, this budget does not include a capital reserve contribution for FY 2017-18. GCTD anticipates finishing FY 2016-17 with approximately \$7.8 million in capital reserves.

c) Debt Service Budget

On March 2, 2017 GCTD closed the sale of \$22,000,000 in 30-year certificates of participation (COPs) to complete the financing of GCTD's new Administration and Operations Facility. Construction officially started on March 27, 2017 and the estimated completion date is September 26, 2018.

FY 2017-18 is the first year of GCTD's long-term debt obligation. For the first year, GCTD has two interest-only payments due: a payment of \$348,467.53 is due on July 1, 2017 and a payment of \$527,093.75 is due on January 1, 2018. In future years, GCTD's semi-annual payments for principal and interest will total approximately \$1.38M annually.

In FY 2016-17 GCTD budgeted \$515,047 in Federal funds and \$609,953 in LTF funds for a total of \$1,125,000 for debt repayment; these funds will be used toward the FY 2017-18 interest payments. In FY 2017-18 GCTD is budgeting \$1,100,000 in Federal funds and \$36,250 in LTF Funds for debt repayment. These funds will be used toward the FY 2018-19 principal and interest payments.

III. RECOMMENDED ACTION

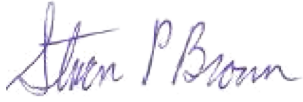
IT IS RECOMMENDED that the Board of Directors conduct the public hearing to receive public comment on the proposed FY 2017-18 Operating, Planning and Capital budget. After the public hearing is completed, it is recommended that the Board adopt the FY 2017-18 Operating, Planning and Capital budget.

June 7, 2017

Conduct Public Hearing to Consider Adoption of FY 2017-18 Operating, Planning & Capital Budget

Page 8 of 8

Concurrence:

A handwritten signature in blue ink that reads "Steven P. Brown". The signature is written in a cursive style with a large initial 'S'.

Steven P. Brown
General Manager

Budget and Financial Plan

GOLD COAST TRANSIT DISTRICT
2017-2018



Steven P. Brown
General Manager

Steve L. Rosenberg
Director of Finance and Administration

June 7, 2017

TABLE OF CONTENTS

GUIDE TO THE BUDGET AND FINANCIAL PLAN	1
FY 2017-18 BUDGET AND FINANCIAL PLAN	2
Mission Statement.....	2
Board of Directors	2
GCTD Senior Management Staff	2
GCTD Organizational Chart	3
BUDGET MESSAGE AND EXECUTIVE SUMMARY.....	4
Budgetary Guidelines	4
Introduction	4
Budget Highlights for FY 2017-18, the <u>Upcoming</u> Budget Year	5
Retrospective Budget Highlights for FY 2016-17, the <u>Current</u> Budget Year.....	10
Budget Process.....	13
Budget Summary.....	13
EXPENDITURES	16
Employees – Support.....	16
Service/Supplies – Operational	18
Service/Supplies – Support.....	18
OPERATING REVENUE.....	18
Passenger Fares.....	19
Fixed Route Ridership.....	20
Paratransit Ridership.....	20
Farebox Recovery	20
Interest and Other Income.....	22
Advertising Income	22
Medi-Cal Reimbursement – Paratransit	22
Energy Credit Revenue	23
State Transit Assistance Funds.....	23
Federal Grant Funds	23
Local Assistance	25
Debt Service.....	27
CAPITAL IMPROVEMENTS	28
Capital Project Funding.....	28
Ten-Year Capital Project Plan.....	29

Proposed Capital Projects.....	30
Depreciation	36

APPENDIX

A. Operational Unit Expenditures	37
B. Glossary.....	41

TABLES

1. GCTD Operating Budget Summary	14
2. GCTD Operating Budget – Functional Categories	15
3. GCTD Headcount Budget.....	17
4. Operating Budget Revenue	19
5. Passenger Fare Structure.....	20
6. Ridership, Revenue and Farebox Return.....	22
7. Federal Grant Funds Included in FY 2017-18 Budget.....	25
8. LTF Revenue and Members’ Transit Services Funding	26
9. Sources and Uses of FY 2017-18 Revenues.....	27
10. Debt Repayment Schedule, FY 2016-17 through FY 2018-19.....	28
11. Ten-Year Capital Project Plan –New Facility Funding Program.....	31
12. Ten-Year Capital Project Plan – Funded Projects.....	32
13. Ten-Year Capital Project Plan – Programmed Projects (Funding Not Identified)	32
14. Ten-Year Capital Project Plan – Programmed Vehicles	34
15. Ten-Year Capital Project Plan – Summary Tables.....	35
16. Depreciation Schedule.....	36
17. Fixed Route Operating Budget, FY 2017-18.....	37
18. Maintenance Operating Budget, FY 2017-18.....	38
19. Administration Operating Budget, FY 2017-18	39
20. Paratransit/ Planning and Marketing Operating Budget, FY 2017-18	40

GUIDE TO THE BUDGET AND FINANCIAL PLAN

The Gold Coast Transit District (GCTD) Budget and Financial Plan for FY 2017-18 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.

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.

Debt Service

This section summarizes GCTD's long-term debt obligation and how these expenditures are being addressed.

Capital Improvements

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

Appendix

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

FY 2017-18 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

Councilmember Paul Blatz
Director

Councilmember Randy Haney
Alternate

City of Oxnard

Councilman Bryan A.
MacDonald - Chair

Mayor Pro Tem Carmen
Ramirez - Alternate

City of Port Hueneme

Mayor Pro Tem Jim Hensley
Director

Councilmember Jonathan
Sharkey - Alternate

City of Ventura

Councilmember Cheryl Heitmann
Director

Councilmember James Monahan
Alternate

County of Ventura

Supervisor John C. Zaragoza
Vice-Chair

SENIOR MANAGEMENT STAFF

Steven P. Brown
General Manager

Steve L. Rosenberg
Director of Finance & Administration

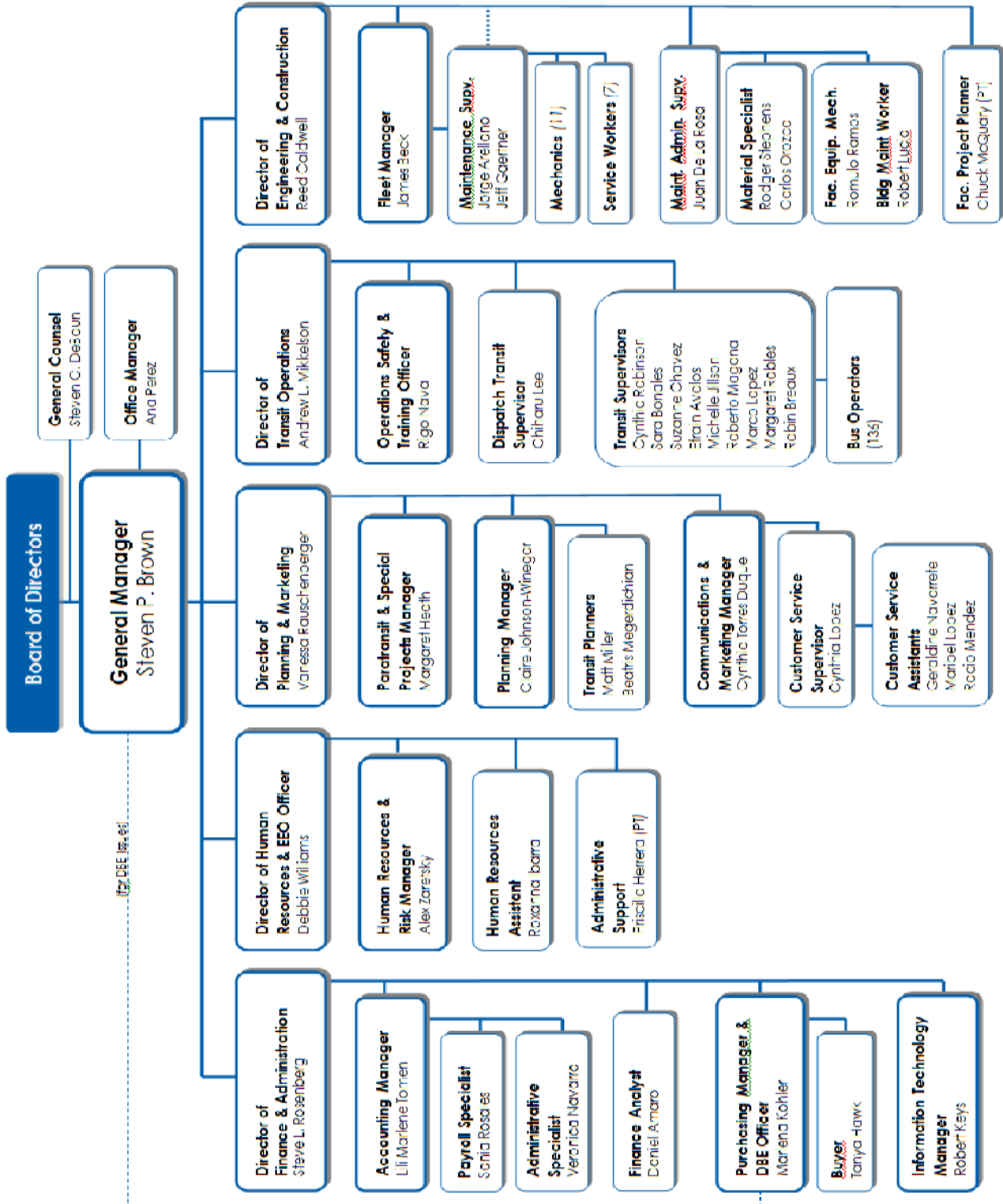
Vanessa Rauschenberger
Director of Planning & Marketing

Reed C. Caldwell
Director of Engineering & Construction

Andrew Mikkelson
Director of Transit Operations

Debbie L. Williams
Director of Human Resources

Organizational Chart – June 2017



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 3% increase in July 2017. Non-represented employees typically receive similar increases.
- 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

In March 2017 GCTD raised \$22 million from the sale of bond instruments known as certificates of participation (COPs) to complete project funding for the District's new Administration and Operations Facility. GCTD held a groundbreaking ceremony for the new facility on May 10, 2017 and construction is underway, with an estimated completion date of September 26, 2018. GCTD must replace its current facility, which is functionally obsolete and considerably undersized for a transit agency of its current size. The larger facility will allow GCTD to over time keep up with the growing need for public transportation in Western Ventura County. The District 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 approached this undertaking in a strong financial position for an agency of its size in a county without a dedicated transit tax. When the agency transitioned from being a Joint Powers Authority (JPA) to a Transit District in July 2014 as the result of state legislation, GCTD became entitled to claim all of the Local Transportation Funds (LTF) allocated based on the population of its member jurisdictions under Article 4 of 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 0.4% in FY 2017-18 compared to FY 2016-17. It has been

relatively flat since FY 2013-14, but has increased 39% since the lowest recession year of FY 2009-10. The FY 2017-18 budget has GCTD retaining 86.4% of the full allocated LTF (with members' capital and recurring transit requirements being the remaining 13.6%); this has ranged from 83% to 86% since GCTD became a district, as compared to being in the 70% range the last three years before the formation of GCTD.

The District anticipates finishing FY 2016-17 with an operating surplus of \$1.8 million (less adjustments for GASB 68 pension expense entries) and with approximately \$7.7 million in capital reserves.

BUDGET HIGHLIGHTS FOR FY 2017-18, THE UPCOMING BUDGET YEAR

The proposed operating budget for FY 2017-18 is \$24,036,600, a 1.7% increase from the adopted FY 2016-17 budget.

Budget highlights are as follows:

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The FY 2017-18 the premised LTF allocation to GCTD is \$15,043,768 and members' claims for recurring transit services costs total \$2,046,387, however the District will reclaim as a carryover credit \$269,446 in FY 2015-16 operating funds not spent by the members. For FY 2017-18 the District proposes to fund \$270,334 in discretionary non-recurring projects. That leaves \$12,996,493 for GCTD's use.

GCTD is budgeting \$159,000 in State Transit Assistance (STA) for FY 2017-18. In 2016 the State Controller's Office (SCO) changed the long-standing allocation formula in a way that would have provided GCTD with a lower allocation than the \$180,000 to \$210,000 annually that the District previously received. The California

Transit Association (CTA) led an effort to enact a temporary roll-back to the previous process, and AB 1113 currently before the State legislature would provide a permanent resolution for this issue. In addition, the Governor recently signed into law SB 1, increasing a variety of taxes and fees to fund transportation infrastructure projects; among the transit uses included in this bill is increased STA funding. While we do have some early estimates, it is not clear when recipients will begin to receive this additional funding, so these additional funds are not included in this budget.

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." In FY 2017-18, GCTD is projected to receive \$4.78 million in Section 5307 and Section 5339 (Bus and Bus Facilities) formula funding, an 11% increase from GCTD's FY 2016-17 allocation. The increase is primarily the result of a non-recurring reduction in countywide planning funding the Ventura County Transportation Commission (VCTC) takes "off the top."

GCTD's FY 2017-18 operating budget includes \$600,000 in funds from a Federal Congestion Mitigation and Air Quality (CMAQ) grant that supports the provision of new service; a three-year grant commencing in FY 2015-16 for Route 22 serving the Wells Center (Saticoy)-Nyeland Acres corridor.

Passenger fares revenues for fixed route service are budgeted at \$3.05M, a decrease of 5% from the FY 2016-17 budget. Fare revenues for FY2016-17 as of March 2017 are tracking 5% below FY 2015-16 revenues and 10% below the FY 2016-17 budget. It is anticipated that FY 2017-18 will see a 4 - 5% increase from this year's level.

Passenger fare revenues for paratransit service are budgeted for \$262K in FY 2017-18, an 8% increase above the FY 2016-17 budget and close to the projected paratransit fare revenue for FY 2016-17.

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. FY 2017-18 marks the fifth year GCTD has received these funds. The District has budgeted \$195,000 in revenue for these 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 \$220,000 in FY 2014-15. As the result of losing our largest advertising customer, FY 2015-16 revenue was down to \$153,000 and FY 2016-17 is tracking to approximately \$150,000. GCTD anticipates some improvement and is budgeting \$160,000 in FY 2017-18.

Since FY 2014-15 GCTD has been receiving revenue related to dispensing compressed natural gas (CNG) 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 budgeted \$354,200 in revenue for FY 2016-17 and is presently tracking to approximately that amount. For FY 2017-18, GCTD is budgeting for \$353,500 in energy credit revenue.

GCTD has been claiming the Federal Alternative Fuel Excise Tax Credit for its use of CNG as a vehicle fuel since 2007. Recently this credit has generated approximately \$500,000 per year for the District. This tax incentive expired and was retroactively extended by Congress multiple times, the last time in December 2015. The most recent extension expired on December 31, 2016, and no extension appears to be forthcoming. GCTD is not budgeting for this credit in FY 2017-18.

Operating Expense

The proposed operating budget for FY 2017-18 is \$24,036,600, a 1.7% increase from the adopted FY 2016-17 budget of \$23,630,600. Following is a description of the major cost areas.

Labor Expense – Labor and fringe benefit costs for the FY 2017-18 budget are projected to increase 0.6% as compared to the FY 2016-17 budget. GCTD contract employees will receive a 3% contractual wage increase in July 2017 and a similar increase is anticipated for other GCTD employees. Mitigating factors include the FY 2016-17 labor and fringe benefit costs tracking 4.5% under budget, one new staff position budgeted but not filled in FY 2016-17 will remain unfilled, and some efficiency adjustments to GCTD's service schedules resulted in the reduction of 1,137 revenue service hours (RSH).

CalPERS methodology for calculating GCTD's employer-paid pension costs (included in fringe benefit costs above) has changed for FY 2017-18. This entire amount was previously a percentage of eligible wages; last year this was 17.048%. For FY 2017-18 the Employer Normal Cost portion is a percentage (9.855%) but the Employer Payment of Unfunded Liability portion is a fixed amount. While this will undoubtedly increase GCTD's costs in the long-term, for FY 2017-18 costs are close to or slightly lower than staff would have anticipated under the old formula.

Boardings – The budget premise for FY 2017-18 fixed route service is 3.78 million boardings, a 3.7 % decrease from the FY 2016-17 budget premise of 3.92 million boardings. The current forecast for actual boardings at FY 2016-17 year end is 7.8% under the budget premise.

The budget premise for FY 2017-18 ACCESS paratransit service is for 106,600 boardings, a 10% increase from the FY 2016-17 budget premise of 97,000 boardings. The current forecast for actual boardings at FY 2016-17 year end is 6% above the budget premise; at the forecasted level, boardings on GCTD's ACCESS service will have increased by 50% in the five years from the recession low point in FY2011-12.

Service Adjustments – GCTD will be implementing slightly fewer (-0.6%) RSH in FY 2017-18, with revenue service hours (RSH) decreasing from 203,488 in FY 2016-17 to 202,351 in FY 2017-18. Revenue service miles (RSM) will also decrease slightly (-0.8%), from 2,192,544 in FY 2016-17 to 2,175,715 in FY 2017-18. Minor schedule revisions were made to improve overall system efficiency, frequency on routes and on-time performance as well as reducing travel time for passengers in some cases. Additionally, a small number of late-night trips with very low ridership were eliminated.

GCTD's budgeted fixed route cost per revenue hour for FY 2017-18 is \$102.04, a 1% increase from the budgeted cost of \$101.02 in FY 2016-17, and the budgeted fixed route cost per revenue mile is \$9.49, a 1.2% increase from the budgeted cost of \$9.38 in FY 2016-17.

Insurance – GCTD's FY 2017-18 budget includes modest increases across most insurance lines, with significant increases to the liability insurance program. For liability insurance GCTD belongs to the California Transit Indemnity Pool (CalTIP), a 34-member Joint Powers Authority formed in 1987 for the purpose of creating a self-funded insurance pool. Public sector insurance pools allow members 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.

CalTIP self-insures all claims against pool members up to \$1.25 million (in FY 2016-17), with excess and reinsurance covering claims in excess of that amount. GCTD carries coverage up to \$25 million. Being in CalTIP also afforded GCTD the opportunity to carry liability insurance with a zero self-insured retention (SIR, like a deductible), with any excess contributions being returned to GCTD in the form of a "retrospective adjustment" (like a dividend) in a future year. The past few years have been increasingly challenging for CalTIP, with the pool experiencing numerous large claims. This has significantly increased members' rates and reduced the likelihood of retrospective adjustments in the near-term.

To keep costs down, CalTIP has increased its SIR to \$1.5 million and GCTD has increased its SIR to \$25,000. This has allowed GCTD's liability insurance budget line item to drop from \$801,000 in FY 2016-17 to \$720,000 in FY 2017-18. This does require the District to establish a claims expense budget for costs under the SIR. GCTD's claims expense budget for FY 2017-18 is \$230,000. The total of these two line items is slightly less than our liability costs would have been under the previous deductible.

GCTD's workers' compensation insurance (WCI) budget for FY2016-17 was \$1,132,400, which was based on a preliminary proposal from GCTD's WCI pool, the California State Association of Counties Excess Insurance Authority (CSAC-EIA). The final cost for FY 2016-17 was substantially lower than the preliminary proposal, just over \$936,000. This year's budget of \$1,019,800 is an estimate that includes an

increase from this year's cost as well as a factor to reduce this year's preliminary estimate.

Fuel & Lubricants - The FY 2017-18 budget for fuel and lubricants is \$785,100, a 0.4% increase from the FY 2016-17 budget of \$781,700. GCTD continues to benefit from the continued low commodity price for natural gas, combined with GCTD's supplier agreement providing an additional 4% discount off the published market price. This discount will increase to 6% in October 2017 if GCTD exercises its contract option. GCTD has transitioned to a more fuel-efficient paratransit fleet vehicle composition, which also contributes to keeping fuel costs under control.

The unit price used to calculate the FY 2017-18 budget is 10% above the twelve month average price as of March 2017; this unit price is also approximately 10% above the May 2017 price.

Paratransit operations - The budget for contracted paratransit services in FY 2017-18 is \$3,083,200, a 12.2% increase from the FY 2016-17 budget of \$2,748,300. Current year costs are trending 4% higher than budget. The budget premise for service demand in FY2017-18 is a 10% increase from the FY 2016-17 budget premise, with current year demand trending 6% higher than premised. Cost increases are moderated by exercise of the final option year of a long-term service contract.

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 fares plus 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 and will continue to be an ongoing challenge. Many California transit agencies meet this requirement using local revenue from dedicated transit sales taxes; Ventura County is the most populous county in California that does not have a dedicated transit tax.

Recent legislation clarified how local revenues may be included in the farebox recovery ratio calculation and how certain cost increases can be adjusted with regard to the calculation. This provides 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 and the Medi-Cal paratransit trip reimbursements.

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.”

Additionally, GCTD has a modest reserve of local deferred revenue from a prior year. The FY 2017-18 budget premise includes using a portion of that deferred revenue to supplement current year revenues for FBRR purposes. Including that revenue, the farebox recovery ratio in GCTD’s FY 2017-18 budget is 20% for fixed route and 14.6% for paratransit.

Capital Reserve Contribution – With the addition of COP payments commencing in FY 2017-18, this budget does not include a capital reserve contribution for FY 2017-18. GCTD anticipates finishing FY 2016-17 with approximately \$7.8 million in capital reserves.

Debt Service

On March 2, 2017 GCTD closed the sale of \$22,000,000 in 30-year certificates of participation (COPs) to complete the financing of GCTD’s new Administration and Operations Facility. Construction officially started on March 27, 2017 and the estimated completion date is September 26, 2018.

FY 2017-18 is the first year of GCTD’s long-term debt obligation. For the first year, GCTD has two interest-only payments due: a payment of \$348,467.53 is due on July 1, 2017 and a payment of \$527,093.75 is due on January 1, 2018. In future years, GCTD’s semi-annual payments for principal and interest will total approximately \$1.38M annually.

In FY 2016-17 GCTD budgeted \$515,047 in Federal funds and \$609,953 in LTF funds for a total of \$1,125,000 for debt repayment; these funds will be used toward the FY 2017-18 interest payments. In FY 2017-18 GCTD is budgeting \$1,100,000 in Federal funds and \$36,250 in LTF Funds for debt repayment. These funds will be used toward the FY 2018-19 principal and interest payments.

RETROSPECTIVE REVIEW OF BUDGET HIGHLIGHTS FOR FY 2016-17 - THE CURRENT BUDGET YEAR

Revenues

For FY 2016-17, GCTD received \$15,100,317 from LTF revenue allocation approved by the VCTC on June 3, 2016.

In accordance with the process by which members may claim a portion of LTF for transit services or the operation and maintenance of locally supported transit facilities, members’ claims for recurring transit services costs totaled \$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. The District approved \$400,000 in discretionary non-recurring capital projects, leaving \$13,084,568 for GCTD's use.

GCTD is budgeted \$150,000 in State Transit Assistance (STA) for FY 2016-17. Because pending STA legislation previously discussed remains unresolved, state STA payments have been delayed and it remains to be seen when this funding will be remitted.

GCTD's primary sources of federal funding are FTA Section 5307 and Section 5339 formula grant funding. In FY 2016-17, GCTD was allocated \$4.3 million in Section 5307 and Section 5339 (Bus and Bus Facilities) funding. GCTD typically does not have access to these funds until the end of its fiscal year, and this year is no exception as we expect to receive funds either in June or possibly later.

GCTD's FY 2016-17 operating budget included \$560,000 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. GCTD draws down these funds periodically throughout the year.

Passenger fare revenues for fixed route service in FY 2016-17 were budgeted at \$3.21M, but are trending approximately 9% under budget. Passenger fare revenues for paratransit service in FY 2016-17 were budgeted for \$242K in FY 2016-17, and are trending approximately 12% over the projected budget.

The District conservatively budgeted \$125,000 for FY 2016-17 Medi-Cal Administrative Activities (MAA) trip-related reimbursements. These payments typically are received one-to-two years after the costs are incurred. GCTD has received more funds than it anticipated during this fiscal year.

GCTD generates revenue through the sale of exterior and interior bus advertising. This program experienced a steep reduction in revenue in FY 2015-16 as the result of losing the largest advertiser, and was anticipating improving from \$150,000 to \$180,000 in FY 2016-17. We have seen an uptick late in the year, but FY 2016-17 revenues will be in the \$150,000 range.

The District budgeted \$354,200 in FY 2016-17 revenue from the sale of both Low Carbon Fuel Standard (LCFS) credits from the State of California and Renewable Identification Number (RIN) credits from U.S. EPA. Revenues are on target to meet that budget.

GCTD has been claiming the Federal Alternative Fuel Excise Tax Credit since 2007, This tax incentive expired and was retroactively extended by Congress multiple times, most recently in December 2015, to be in effect through December 31, 2016. GCTD is budgeted \$251,000 for the first two quarters of FY 2016-17 and received just under \$250,000.

Operating Expense

The proposed operating budget for FY 2016-17 was \$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.

GCTD's budgeted fixed route cost per revenue hour for FY 2016-17 was \$101.02 and the budgeted fixed route cost per revenue mile was \$9.38. The costs are trending at \$94.86 per revenue hour and \$8.80 per revenue mile.

Labor Expense – Labor and fringe benefit costs for the FY 2016-17 were budgeted to increase 5.5% as compared to the prior year budget. These costs are trending 4.5% under budget.

Boardings – The budget premise for FY 2016-17 fixed route service was 3.92 million boardings, a .9% decrease from the prior year budget premise of 3.96 million boardings. Actual boardings are trending 7.5 – 8% under the budgeted level.

The budget premise for FY 2016-17 ACCESS paratransit service was for 97,000 boardings, a 7.8% increase from the prior year budget premise of 90,000 boardings. Actual boardings are trending 6% above the budgeted level.

Insurance – GCTD's two major insurance programs, liability insurance and workers' compensation insurance, experienced substantial budget increases in FY 2016-17. GCTD's liability insurance budget was \$801,000, a 54% increase from the FY 2015-16 budget of \$519,000. As the budget was based on a firm quote for the period through April 30th, actual costs will be very close to this amount.

GCTD's workers compensation insurance budget for FY 2016-17 was \$1,132,400, a 24% increase from the FY 2015-16 budget. The budget was based on a preliminary estimate from our WCI insurance pool, the California State Association of Counties Excess Insurance Authority (CSAC-EIA). As the final quote issued after the budget was adopted was for \$936,523, actual costs will be substantially under budget.

Fuel & Lubricants - The FY 2016-17 budget for fuel and lubricants was \$781,700, a 6.9% decrease from the FY 2015-16 budget of \$839,400. Actual costs are trending at or slightly above the budgeted amount.

Paratransit operations - The budget for contracted paratransit services in FY 2016-17 was \$2,748,300, a 4.7% increase from the FY 2015-16 budget of \$2,625,500. Actual costs are trending 6% above the budgeted amount.

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. Year-to-date through March 2017, GCTD's FBRR was 20.6% for fixed route and 17% for paratransit, with an overall FBRR of 20.1%

Capital Reserve Contribution – For FY 2016-17, GCTD budgeted to contribute \$250,000 to the capital reserve fund. Contributions are typically made at year end for cash flow purposes.

Debt Service

In the FY 2016-17 budget GCTD allocated \$1,125,000 for debt repayment. As a result of delay in selling the COPs, GCTD's first payments are due in FY 2017-18. The FY 2016-17 funds will be used toward the FY 2017-18 payments.

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 April 19, 2017 and in a separate meeting with the Board of Directors Fiscal Policy Committee on April 19, 2017. A full report on the proposed FY 2017-18 budget was presented for review and comment to the Board of Directors on May 3, 2017. The final version of the operating budget, with no changes from the May 3, 2017 version, was recommended for approval by the TAC on May 17, 2017.

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 16) section and the revenue sources in the **Operating Revenue** (page 18), These sections include tables reflecting the operating expense budgets by line item breakouts, and are accompanied by a discussion of significant cost categories. A discussion of the capital projects budget appears in the **Capital Improvements** (page 29) section, and a summary of the debt service budget appears in **Debt Service** (page 27). 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, 2017 to June 30, 2018

	<u>FY15-16</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>Proposed</u>	<u>% +/-</u>
<u>Operating Revenues</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY18 vs.</u>
				<u>FY17-18</u>	<u>FY17</u>
Passenger Fares-Fixed Route	\$3,285,400	\$3,068,465	\$3,209,400	\$3,050,500	(5.0%)
Passenger Fares-Paratransit	\$213,500	\$255,046	\$242,500	\$262,200	+8.1%
Interest	\$12,000	\$14,997	\$13,000	\$20,000	+53.8%
Advertising Income	\$245,000	\$153,164	\$180,000	\$160,000	(11.1%)
Energy Credit Revenue	\$121,200	\$292,366	\$354,200	\$353,500	N/A
Alternative Fuel Excise Tax Credit	\$0	\$743,034	\$251,000	\$0	N/A
Other	\$1,000	\$53,548	\$1,000	\$1,000	+0.0%
Operating Assistance-State	\$210,000	\$184,928	\$150,000	\$159,000	+6.0%
Operating Assistance-Local (LTF)	\$12,682,800	\$10,601,709	\$14,790,710	\$14,968,600	+1.2%
Other Local/State Assistance	\$0	\$23,045	\$0	\$0	N/A
Demo Project - Victoria Route	\$500,000	\$589,384	\$0	\$0	N/A
Demo Project - Wells Center/Nyeland Acres	\$684,000	\$435,689	\$560,000	\$600,000	N/A
JARC Funding For Route 20	\$133,400	\$133,400	\$0	\$0	N/A
Operating Assistance-Federal	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	+0.0%
Preventive Maintenance-Federal	\$1,632,700	\$1,632,700	\$1,607,177	\$1,719,989	+7.0%
Paratransit Assistance-Federal	\$840,000	\$840,000	\$896,613	\$944,811	+5.4%
Planning Assistance-Federal	\$200,000	\$200,000	\$200,000	\$200,000	+0.0%
Medi-Cal Reimbursement / Paratransit	\$120,000	\$46,258	\$125,000	\$195,000	+56.0%
Other Fed Grants and Reimbursements	\$0	\$49,547	\$0	\$0	N/A
TOTAL	\$22,096,000	\$20,367,279	\$23,630,600	\$24,036,600	+1.7%
	<u>FY15-16</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>Proposed</u>	<u>% +/-</u>
<u>Operating Expenses</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY18 vs.</u>
				<u>FY17-18</u>	<u>FY17</u>
FUNCTIONAL CATEGORIES					
Employee Support	15,704,200	14,559,161	16,763,700	16,778,900	+0.1%
Service/Supplies - Operational	5,254,100	4,872,630	5,435,000	5,691,300	+4.7%
Service/Supplies - Support	1,137,700	1,116,090	1,431,900	1,566,400	+9.4%
TOTAL	\$22,096,000	\$20,547,881	\$23,630,600	\$24,036,600	+1.7%
DEPARTMENT CATEGORIES					
Fixed Route	11,895,000	11,135,177	12,527,600	12,561,300	+0.3%
Paratransit	2,924,600	2,847,427	3,074,400	3,388,400	+10.2%
Maintenance	3,479,600	3,135,045	3,638,300	3,629,500	(0.2%)
Administration	2,713,400	2,512,072	3,184,900	3,401,400	+6.8%
Planning and Marketing	1,083,400	918,160	1,205,400	1,056,000	(12.4%)
TOTAL	\$22,096,000	\$20,547,881	\$23,630,600	\$24,036,600	+1.7%
Total Fixed Route	\$19,171,400	\$17,700,454	\$20,556,200	\$20,648,200	+0.4%
Total Paratransit	\$2,924,600	\$2,847,427	\$3,074,400	\$3,388,400	+10.2%
Farebox Recovery Ratio	19%	21%	19%	19.3%	
FRR Fixed Route	20%	23%	20%	20.0%	
FRR Paratransit	10%	13%	11%	14.6%	

TABLE 2

Gold Coast Transit District
Operating Budget – Functional Categories
July 1, 2017 to June 30, 2018

	<u>FY15-16</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY18 vs.</u>
				<u>FY17-18</u>	<u>FY17</u>
<u>Employee Support</u>					
Salaries	10,509,400	10,387,051	11,192,900	11,271,200	+0.7%
Health Benefits	1,806,000	1,683,040	1,843,200	1,851,800	+0.5%
WCI	911,600	908,835	1,132,400	1,019,800	(9.9%)
Retirement	1,935,800	1,105,983	1,973,000	1,973,700	+0.0%
Other Benefits	247,700	240,239	285,300	282,400	(1.0%)
Uniforms	77,400	60,271	79,400	81,400	+2.5%
Medical Exams	44,800	45,272	45,500	45,900	+0.9%
Safety & Training	102,500	88,377	127,000	117,500	(7.5%)
Employee Events	0	0	0	46,200	N/A
Contract Support	69,000	40,093	85,000	89,000	+4.7%
TOTAL	\$15,704,200	\$14,559,161	\$16,763,700	\$16,778,900	+0.1%
	<u>FY15-16</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY18 vs.</u>
				<u>FY17-18</u>	<u>FY17</u>
<u>Service/Supplies - Operational</u>					
Fuel/Lubricants	839,400	716,829	781,700	785,100	+0.4%
Tires	175,000	112,894	175,000	155,000	(11.4%)
Repair Parts	662,000	637,426	668,000	662,000	(0.9%)
CNG Fuel Station	100,000	58,738	90,000	100,000	+11.1%
Paratransit Service Contract	2,625,500	2,539,728	2,748,300	3,083,200	+12.2%
Contract Repair	270,000	355,167	335,400	327,500	(2.4%)
Contract Services	191,000	136,435	218,300	189,500	(13.2%)
Supplies	153,800	175,887	173,100	168,300	(2.8%)
Tickets/Schedules	86,000	69,747	71,000	70,000	(1.4%)
Marketing	130,600	49,056	146,800	112,000	(23.7%)
Interest Expense	3,000	4,767	5,000	6,000	+20.0%
OTC Facilities	11,600	15,507	15,000	14,000	(6.7%)
Maintenance Agreements	6,200	7,835	7,400	18,700	+152.7%
Warranty Recovery	0	0	0	0	+0.0%
TOTAL	\$5,254,100	\$4,880,015	\$5,435,000	\$5,691,300	+4.7%
	<u>FY15-16</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY18 vs.</u>
				<u>FY17-18</u>	<u>FY17</u>
<u>Service/Supplies - Support</u>					
Telephones/Utilities	192,600	186,209	209,400	198,000	(5.4%)
Insurance	582,600	628,360	867,800	1,022,600	+17.8%
Contract Services	70,000	49,951	51,000	63,000	+23.5%
Supplies	95,000	110,958	112,000	124,200	+10.9%
Legal	72,000	27,764	57,000	55,000	(3.5%)
Audit	40,000	31,250	32,000	32,000	+0.0%
Officers & Directors	40,000	45,397	55,000	24,500	(55.5%)
Dues	45,500	36,203	47,700	47,100	(1.3%)
TOTAL	\$1,137,700	\$1,116,090	\$1,431,900	\$1,566,400	+9.4%
GRAND TOTAL	\$22,096,000	\$20,555,267	\$23,630,600	\$24,036,600	+1.7%

EXPENDITURES

Employees – Support

The proposed budget for employee support shows an increase of \$15,200 (0.1%). Actual costs will increase from FY 2016-17 costs as discussed below, however these increases are offset in the budget comparison because FY 2016-17 costs are tracking 5.5% to 6% under budget.

GCTD represented personnel will receive 3% wage increases in July 2017 in accordance with the District's MOUs with SEIU Local 721; non-represented personnel have historically received adjustments commensurate with contractual increases. GCTD's MOUs expire on October 31, 2017 and negotiations for new agreements will begin soon. GCTD estimates that premised service levels will require approximately 135 bus operators for FY 2017-18. 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 63, slightly below the FY 2016-17 budget level of 65.5. GCTD's headcount budget is shown in Table 3.

Health benefit contribution increases have historically taken effect in January, and future increases will be determined during negotiations. GCTD's employer pension contribution changed in FY 2017-18 from 17.048% of applicable earnings in FY 2016-17 to 9.855% of applicable earning plus a fixed contribution of \$699,710 – this new structure does not project as a substantial increase in FY 2017-18 but will likely increase GCTD's costs in future years.

GCTD's workers compensation insurance (WCI) budget line item will decrease \$112,600 (10%) in FY 2017-18. Last year's budget was established using a preliminary estimate that was higher than the final quote, which was not received until after the budget was approved and published. This year the budget includes an adjustment for this dynamic, however it is expected that actual WCI costs will increase 8-10%.

While GCTD has added a new budget line item this year, Employee Events, the costs contained in this line item are not additions to the budget. These activities have in prior years been included in other line items such as Safety Program and Officers and Directors expense; these line items show a reduced budget.

TABLE 3

**Gold Coast Transit District
GCTD Headcount Budget
July 1, 2017 to June 30, 2018**

Position	FY16-17 Approved Budget	FY17-18 Proposed Budget Changes	FY17-18 Proposed Budget
<u>Operations</u>			
Bus Operator	136	-1	135
	136	-1	135
<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 Engineering & Construction	1		1
Facility Project Planner	0.5		0.5
Director of Fleet and Facilities	1	-1	0
Fleet Manager	0	1	1
Maintenance Supervisor	2		2
Maintenance Supervisor (Administration)	1		1
Facility & Equipment Mechanic II	1		1
Maintenance Material Specialist	2		2
Mechanic	11	-1	10
Bldg, Maintenance Worker/Bus Stop Support	1		1
Service Worker	8		8
	28.5	-1	27.5
<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
Safety & Compliance Manager	1	-1	0
	11.5	-1	10.5
<u>Human Resources</u>			
Director of Human Resources	1		1
Human Resources & Risk Manager	1		1
Human Resources Administrator	1		1
	3	0	3
<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	2		2
Planning Intern	0.5	-0.5	0
	9.5	-0.5	9
Total	201.5	-3.5	198

Service/Supplies – Operational

The proposed FY 2017-18 budget for Service/Supplies - Operational shows an increase of \$256,300 (4.7%) from FY 2016-17. The increase is entirely attributable to higher costs associated with increased ridership demand for GCTD's contracted ACCESS paratransit service. The FY 2017-18 budget for the Paratransit Service Contract line item is 12% higher than the FY 2016-17 budget, primarily as the result of a 10% increase in projected ridership and Vehicle Revenue Hours (VRH). Budgeted boardings increase from 97,000 in the FY 2016-17 budget to 106,600, while VRHs increase from 40,442 to 44,400. Note that demand for this service in FY 2016-17 is currently running 6% over the budgeted level.

Three line items show a budget reduction for FY 2017-18. Budgeted expense for tires is reduced as the result of a recent change in GCTD's tire supplier. The contract services budget is lower in FY 2017-18 as the result of having made several non-recurring technology changes in FY 2016-17, and marketing costs are down as the result of not including a project budgeted for and completed in FY 2016-17.

The FY 2017-18 budget for fuel and lubricants is \$785,100, a 0.4% increase from the FY 2016-17 budget of \$781,700. As discussed in an earlier section, GCTD continues to benefit from the continued historic low commodity price for natural gas, combined with GCTD's discounted third-party supplier agreement.

In the FY 2016-17 Contract Repair budget GCTD noted a non-recurring expense for updating the exterior of 25 buses with GCTD's new exterior bus design (colors and logo). That project is complete, however the District is experiencing an increase in major engine repairs as our fleet ages; as a result the contract repair budget remains only slightly lower than its FY 2016-17 level.

Service/Supplies – Support

The proposed budget for service/supplies support in FY 2017-18 shows an increase of \$134,500 (9.4%) from FY2016-17, directly related to a \$154,800 (17.8%) increase in GCTD's costs for liability insurance and claims expense. This issue is addressed in detail on Page 8 of this document.

The decrease in officers and directors expense is the result of realigning some cost items into a new line item, employee events.

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 4 reflects the revenue for operating activities in FY 2017-18.

TABLE 4

Gold Coast Transit District
Operating Budget Revenue
July 1, 2017 to June 30, 2018

<u>Operating Revenues</u>	<u>FY15-16 Budget</u>	<u>FY15-16 Actuals</u>	<u>FY16-17 Budget</u>	<u>Proposed Budget FY17-18</u>	<u>% +/- FY18 vs. FY17</u>
Passenger Fares-Fixed Route	\$3,285,400	\$3,068,465	\$3,209,400	\$3,050,500	(5.0%)
Passenger Fares-Paratransit	\$213,500	\$255,046	\$242,500	\$262,200	+8.1%
Interest	\$12,000	\$14,997	\$13,000	\$20,000	+53.8%
Advertising Income	\$245,000	\$153,164	\$180,000	\$160,000	(11.1%)
Energy Credit Revenue	\$121,200	\$292,366	\$354,200	\$353,500	N/A
Alternative Fuel Excise Tax Credit	\$0	\$743,034	\$251,000	\$0	N/A
Other	\$1,000	\$53,548	\$1,000	\$1,000	+0.0%
Operating Assistance-State	\$210,000	\$184,928	\$150,000	\$159,000	+6.0%
Operating Assistance-Local (LTF)	\$12,682,800	\$10,601,709	\$14,790,710	\$14,968,600	+1.2%
Other Local/State Assistance	\$0	\$23,045	\$0	\$0	N/A
Demo Project - Victoria Route	\$500,000	\$589,384	\$0	\$0	N/A
Demo Project - Wells Center/Nyeland Acres	\$684,000	\$435,689	\$560,000	\$600,000	N/A
JARC Funding For Route 20	\$133,400	\$133,400	\$0	\$0	N/A
Operating Assistance-Federal	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	+0.0%
Preventive Maintenance-Federal	\$1,632,700	\$1,632,700	\$1,607,177	\$1,719,989	+7.0%
Paratransit Assistance-Federal	\$840,000	\$840,000	\$896,613	\$944,811	+5.4%
Planning Assistance-Federal	\$200,000	\$200,000	\$200,000	\$200,000	+0.0%
Medi-Cal Reimbursement / Paratransit	\$120,000	\$46,258	\$125,000	\$195,000	+56.0%
Other Fed Grants and Reimbursements	<u>\$0</u>	<u>\$49,547</u>	<u>\$0</u>	<u>\$0</u>	<u>N/A</u>
TOTAL	<u>\$22,096,000</u>	<u>\$20,367,279</u>	<u>\$23,630,600</u>	<u>\$24,036,600</u>	+1.7%

Following is a brief discussion of each major revenue area.

Passenger Fares

Passenger fare revenues are projected to finish FY 2016-17 at approximately \$3.17 million; that would be 8% lower than budgeted. Fixed route passenger fares are projected to end the year 9% under the FY 2015-16 budgeted amount at approximately \$2.9 million, attributable to lower-than expected passenger boardings, and paratransit fares are forecast to be 13% higher than the FY 2015-16 budgeted amount at approximately \$274,000, attributable to higher-than-anticipated boardings and fare revenue per boarding.

The budget premise for FY 2017-18 fixed route fare revenue is \$3.05 million, a 5% decrease from the FY 2016-17 budget but a 5% increase from the current FY 2016-17 year-end forecast. The budget premise for FY 2017-18 paratransit fare revenue is \$262,200, an 8% increase from the FY 2016-17 budget and slightly lower than the current FY 2016-17 year-end forecast.

Table 5 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 5

**Gold Coast Transit District
Passenger Fare Structure**

GCTD FIXED ROUTE FARES

<u>Cash Fares (One Way)</u>	<u>Fare Amount</u>	<u>Multi-Ride Ticket or Monthly Pass</u>	<u>Fare Amount</u>
Adult	\$1.50	Adult	
Youth (through age 18)	\$1.50	15-Ride	\$20.00
Seniors (65-74 years of age with GCTD I.D or proof of age)	\$0.75	31-Day Pass	\$50.00
Medicare (with Medicare Card)	\$0.75	Youth	
Disabled (ADA card or GCTD I.D.)	\$0.75	15-Ride	\$15.00
Seniors 75+ (with GCTD I.D or proof of age)	Free	31-Day Pass	\$40.00
Children under 45" tall (when accompanied by paid fare)	Free	Reduced Fare (Senior/Disabled)	
Day Pass (One-Day/Unlimited Boardings)	\$4.00	15-Ride	\$10.00
Day Pass for Seniors/Medicare/Disabled	\$2.00	31-Day Pass	\$25.00

GCTD ACCESS (Paratransit) FARES

<u>Cash Fares (One Way)</u>		<u>Multi-Ride Ticket or Monthly Pass</u>	
ADA Certified or Senior	\$3.00	Book of Ten Tickets - ADA Certified or Senior	\$30.00
Senior Nutrition (registered with County program)	Donation		

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

Fixed Route Ridership

Boardings in FY 2016-17 are trending 7.8% behind FY 2015-16 and project to 3.62 million. For FY 2017-18, the budget premise is that ridership will be 3.78 million boardings, 4.5% higher than the current FY 2016-17 year-end projection.

Paratransit Ridership

Paratransit ridership is running 6% higher than the FY 2016-17 budgeted level, which would mean that ridership for GCTD's ACCESS service has increased by 50% since FY2011-12.

The premise for the FY 2017-18 budget is 106,600 boardings, an increase from the 102,800 boardings forecast for FY 2016-17 year end.

Farebox Recovery

As discussed on Page 9-10, 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 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.

With the allowable adjustments and the addition of a portion of GCTD's modest reserve of local deferred revenue from a prior year, the farebox recovery ratio in GCTD's FY 2017-18 budget is 20% for fixed route and 14.6% for paratransit.

Table 6 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 6

Gold Coast Transit District
Ridership, Revenue and Farebox Return
FY 2011-12 to FY 2017-18

Fiscal Year	(1) Fixed Route			(2) Paratransit			(3) Combined	
	Unlinked Passenger Trips	Farebox	Farebox Return	One Way Trips	Farebox	Farebox Return	Farebox Return	Farebox Return
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	3,908,847	\$4,054,301 **	26.8%	84,604	\$461,725 **	17.5%	25.5%	
FY 2015-16	3,800,673	\$4,080,386 ***	24.8%	93,274	\$465,155 ***	16.9%	23.7%	
FY 2016-17 (Projected)	3,625,000	\$3,628,000 ***	20.0%	101,500	\$431,000 ***	14.9%	19.3% #	
FY 2017-18 (Budgeted)	3,780,000	\$3,895,800 ***	20.0%	106,600	\$457,200 ***	14.6%	19.3% #	

* 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 2015 TDA statute changes (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 2016-17 was budgeted at \$13,000. As rates have started to increase this year, actual income will finish somewhat higher. The budget for FY 2017-18 is conservatively set at \$20,000.

Other income consists of the sale of miscellaneous surplus property and is largely unanticipated activity. The budget for FY 2017-18 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 were as high as \$232,000, however due to the loss of GCTD's largest advertiser annual revenues have dropped to about \$150,000 for the past two years. The District anticipated that advertising revenues will gradually begin to rebuild. The FY 2017-18 budget for Advertising Income is \$160,000.

Medi-Cal Reimbursement – Paratransit

GCTD includes in its revenue budget funds received through Ventura County under the Medi-Cal Administrative Activities (MAA) program, to partially reimburse GCTD for

providing Medi-Cal eligible trips on the GCTD ACCESS service. 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 2017-18 is \$195,000.

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 close to \$350,000 in revenue for FY 2016-17 between the two programs. The value of these credits is subject to market fluctuation. For FY 2017-18 the District is budgeting \$353,500 in energy credit revenue.

State Transit Assistance Funds

In 2016 the State Controller's Office (SCO) changed the long-standing allocation formula in a way that would have provided GCTD with a lower allocation than the \$180,000 to \$210,000 annually that the District previously received. The California Transit Association (CTA) led an effort to enact a temporary roll-back to the previous process, and AB 1113, which is currently before the State legislature, would provide a permanent resolution for this issue. As a result of the uncertainty, allocations for FY 2016-17 have been delayed and it is unknown when they will be made and whether GCTD will receive the budgeted amount of \$150,000.

In addition, the Governor recently signed into law SB 1, increasing a variety of taxes and fees to fund transportation infrastructure projects. Although SB1 primarily funds street and highway repair, it does provide some transit funding under the STA program. Because the amount and timing are not determined at this time, the FY 2017-18 budget for STA Revenue is \$159,000 and is based on the current formula. Preliminary estimates are that GCTD could receive another \$100K - \$150K annually once the program is fully implemented, but at this time it is not determined when this additional funding will commence, so this budget does not include those additional funds. GCTD is budgeting \$159,000 in State Transit Assistance (STA) for FY 2017-18.

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 2017-18 allocates \$4,779,623, an 11% increase from the final FY 2016-17 allocation of \$4,302,170. Of that amount, \$4,256,432 is allocated under Section 5307 and \$523,191 is allocated under Section 5339. The increase is primarily the result of VCTC reducing its allocation for countywide transit planning activities.

GCTD's FY 2017-18 POP is allocated as follows:

Section 5307

- \$ 1,050,000 for Operating Assistance (50% local match)
- \$ 200,000 for Service Administration and Support (20% local match)
- \$ 894,811 for Paratransit Assistance (20% local match)
- \$ 1,534,812 for Preventive Maintenance (20% local match)
- \$ 576,809 for GCTD Operations & Administration Facility Bond Repayment (20% local match)

Section 5339

- \$ 523,191 for GCTD Operations & Administration Facility Bond Repayment (20% local match)

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, for FY 2014-15 was \$3,940,593 and for FY 2015-16 it was \$3,942,691.

GCTD will carry \$1.83 million in grant funds for operating budget activities from a prior year allocation into FY 2017-18 and has budgeted to use \$235,177 of that backlog for FY 2017-18 operations activities. 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 2017-18 budget GCTD will use FTA Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds for one new route demonstration project; \$600,000 for the third year (second 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 7 summarizes Federal grant funds in the FY 2017-18 budget.

TABLE 7

**Gold Coast Transit District
Federal Grant Funds Included in FY 2017-18 Budget**

FY2017-18 PROGRAM OF PROJECTS

<u>Included in GCTD Operating Budget</u>	<u>Federal</u>	<u>Local</u>	<u>Total</u>
Section 5307			
Operating Assistance (50%)	\$ 1,050,000	\$ 1,050,000	\$ 2,100,000
Transit Service Administration and Support (80%)	\$ 100,000	\$ 25,000	\$ 125,000
Marketing & Passenger Awareness Activities (80%)	\$ 100,000	\$ 25,000	\$ 125,000
ADA Paratransit Service (80%)	\$ 894,811	\$ 223,703	\$ 1,118,514
Preventive Maintenance (80%)	\$ 1,534,812	\$ 383,703	\$ 1,918,515
Included in GCTD Debt Service Budget			
Section 5307			
GCTD Operations & Maintenance Facility * (80%)	\$ 576,809	\$ 144,202	\$ 721,011
Section 5339			
GCTD Operations & Maintenance Facility * (80%)	\$ 523,191	\$ 130,798	\$ 653,989
TOTAL - FY2017-18 PROGRAM OF PROJECTS	<u>\$ 4,779,623</u>	<u>\$ 1,982,406</u>	<u>\$ 6,762,029</u>

PRIOR YEAR GRANT FUNDS

<u>Included in GCTD Operating Budget</u>			
Wells Center/Nyeland Acres Route 22 - CMAQ (88.5%)	\$ 600,000	\$ 77,966	\$ 677,966
ADA Paratransit Service - 5307 (80%)	\$ 50,000	\$ 12,500	\$ 62,500
Preventive Maintenance - 5307 (80%)	\$ 185,177	\$ 46,294	\$ 231,471
<u>Included in GCTD Debt Service Budget</u>			
GCTD Operations & Maintenance Facility * - 5339 (80%)	\$ 515,047	\$ 128,762	\$ 643,809
TOTAL - Included in GCTD Operating Budget	<u>\$ 4,514,800</u>	<u>\$ 1,844,166</u>	<u>\$ 6,358,966</u>
TOTAL - Included in GCTD Debt Service Budget	<u>\$ 1,615,047</u>	<u>\$ 403,762</u>	<u>\$ 2,018,809</u>

* For New Facility debt repayment

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 2017-18, the full LTF allocation to GCTD is \$15,043,768. Members' claims for recurring transit services costs total \$2,046,387, less \$269,446 in funds allocated to members but not expended in FY 2015-16 per audited financials; these funds are to be returned to GCTD as a credit to the respective members in FY 2017-18. The FY 2017-18 budget allocates an additional \$270,334 in LTF to members for transit capital projects. Net LTF funding available to GCTD is \$12,996,493.

A summary of FY 2017-18 LTF Revenue and funding detail for members' recurring and non-recurring transit services items is shown in Table 8. A summary of Revenue Sources and Uses for the FY 2017-18 Budget is shown in Table 9.

TABLE 8

**Gold Coast Transit District
LTF Revenue and Members' Transit Services Funding – FY 2017-18**

TDA - LTF REVENUE PROJECTIONS		TOTAL	OJAI	OXNARD	PORT HUENEME	VENTURA	VENTURA COUNTY
February 2017-18 Prelim. LTF Allocation (Subject to Final VCTC Adoption)		\$15,043,768	\$254,862	\$7,010,878	\$769,613	\$3,687,281	\$3,321,134
FUNDING REQUESTS FOR RECURRING TRANSIT REQUIREMENTS							
Ojai Trolley Operations & Maintenance	Ojai	\$182,000	\$182,000				
OTC Operation & Maintenance / Transit Services	Oxnard	\$467,758		\$467,758			
VTC Operation & Maintenance	Ventura	\$200,129				\$200,129	
Recurring Bus Stop Maintenance	Oxnard/P.H.	\$62,500		\$52,500	\$10,000		
County Transit Services Management & Oversight	Ventura County	\$170,000					\$170,000
Transit Service - Heritage Valley	Ventura County	\$250,000					\$250,000
Transit Service - Oak Park D-A-R	Ventura County	\$0					\$0
Transit Service - Ojai Trolley	Ventura County	\$232,000					\$232,000
Transit Service - T.O. D-A-R / Unincorporated Area	Ventura County	\$110,000					\$110,000
Transit Service - ECTA D-A-R	Ventura County	\$22,000					\$22,000
Transit Service - Kanan Road Shuttle	Ventura County	\$350,000					\$350,000
TOTAL - RECURRING TRANSIT REQUIREMENTS		\$2,046,387	\$182,000	\$520,258	\$10,000	\$200,129	\$1,134,000
Less: Credit for FY 2015-16 Operating Carryover		(\$269,446)	\$0	\$0	(\$14,610)	(\$103,896)	(\$150,940)
Net LTF Funding for FY 2017-18 Recurring Transit Requirements		\$1,776,941	\$182,000	\$520,258	(\$4,610)	\$96,233	\$983,060
FY 2017-18 FUNDING BASELINE		\$2,539,252	\$113,309	\$520,769	\$57,284	\$260,384	\$1,587,506
Amount Requested Under/(Above) Baseline		\$492,865	(\$68,691)	\$511	\$47,284	\$60,255	\$453,506
REQUESTED MEMBER CAPITAL IMPROVEMENT PROJECTS							
Pressure Washer Truck	Ventura	\$60,000				\$60,000	
Bus Stop Upgrades	Ventura County	\$150,000					\$150,000
Route 22 Bus Stops	Ventura County	\$34,295					\$34,295
Bus Stop Amenities	Port Hueneme	\$26,039			\$26,039		
Prior Year Capital Funding Return	Oxnard	(\$268,889)		(\$268,889)			
Relocate Bus Stop at Victoria & Gonzales	Oxnard	\$57,700		\$57,700			
Bus Stop Capital Improvement Program	Oxnard	\$211,189		\$211,189			
TOTAL CAPITAL IMPROVEMENTS		\$270,334	\$0	\$0	\$26,039	\$60,000	\$184,295
Less: Credit for FY 2014-15 Capital Carryover		\$0	\$0	\$0	\$0	\$0	\$0
Net LTF Funding for FY 2017-18 Capital Improvement Projects		\$270,334	\$0	\$0	\$26,039	\$60,000	\$184,295
TOTAL NET MEMBER FUNDING REQUIREMENTS		\$2,047,275	\$182,000	\$520,258	\$21,429	\$156,233	\$1,167,355
Available LTF Funding for GCTD		\$12,996,493					

TABLE 9

**Gold Coast Transit District
Sources and Uses of FY 2017-18**

(Dollars in Thousands)	<u>Current Year</u> <u>(FY2017-18)</u>	<u>Prior Year</u> <u>Revenue</u>	<u>Deferred for Future</u> <u>Use</u>	<u>Total</u>
<u>Revenue Sources</u>				
LTF Revenue - GCTD	\$ 15,044	\$ -	\$ -	\$ 15,044
LTF Revenue - GCTD Carryover	-	2,177	-	2,177
LTF Revenue - Member Carryover	-	269	-	269
Federal Revenue	5,380	1,830	-	7,210
State Transit Assistance FY17-18	159	-	-	159
Passenger Fares	3,313	-	-	3,313
Other Local (Non-TDA) Revenue	729	425	-	1,154
FY16-17 Funds for COP Payments	-	1,125	-	1,125
Total Revenue Sources	\$24,625	\$5,826	\$0	\$30,451
<u>Revenue Uses - FY2017-18</u>				
Operating Budget	\$ 24,037	\$ -	\$ -	\$ 24,037
COP Payments	876	-	-	876
Member Recurring Transit Requirements	\$2,046	-	-	2,046
Member Capital Improvements	270	-	-	270
Total	\$ 27,229	\$ -	\$ -	\$ 27,229
<u>Revenue Uses - Deferred to Future</u>				
Federal Grant (5307) Revenue	\$ -	\$ -	\$1,595	\$ 1,595
Deferred LTF	-	-	168	168
Deferred Local (Non-TDA) Revenue	-	-	73	73
Funds for FY18-19 COP Payments	-	-	1,386	1,386
Total	\$ -	\$ -	\$ 3,223	\$ 3,222
Revenue Surplus/(Deficit)	\$ (2,604)	\$ 5,826	\$ (3,223)	\$ 0

Note: Estimated FY2016-17 LTF Carryover to FY 2018-19 **\$1,800-\$2,000**
(Before GASB 68 Pension Accrual Entries)

DEBT SERVICE

On March 2, 2017 GCTD closed the sale of \$22,000,000 in 30-year certificates of participation (COPs) to complete the financing of GCTD's new Administration and Operations Facility. The District received as net proceeds \$22,012,933.70 in the project fund and \$1,385,750.00 in the project reserve fund.

FY 2017-18 is the first year of GCTD's long-term debt obligation. For the first year, GCTD has two interest-only payments due: a payment of \$348,467.53 is due on July 1, 2017 and a payment of \$527,093.75 is due on January 1, 2018. In FY 2018-19, GCTD's semi-annual payments for principal and interest will total \$1,385,688; in future years GCTD's payments will vary slightly but will be between \$1.38M and \$1.385M annually.

GCTD projects to repay the COPs using primarily Federal grant funds and LTF or other local funds. Federal guidelines limit the use of Federal funds to 80% of the total cost. In FY 2016-17 GCTD budgeted \$515,047 in Federal funds and \$609,953 in LTF funds for a total of \$1,125,000 for debt repayment; a portion of these funds will be used to pay the FY 2017-18 COP interest payments. For FY 2017-18 GCTD is budgeting \$1,136,250 in Federal funds for debt repayment. These funds will be combined with remaining FY 2016-17 funds to pay FY 2018-19 COP principal and interest payments.

TABLE 10

**Gold Coast Transit District
Debt Repayment Schedule, FY 2016-17 through FY 2018-19**

	<u>Prior Year</u> <u>(FY2016-17)</u>	<u>Current Year</u> <u>(FY2017-18)</u>	<u>PROJECTED</u> <u>Next Year</u> <u>(FY2018-19)</u>
<u>Revenue Budgeted for Debt Payment</u>			
LTF Revenue	\$ 609,953	\$ 36,250	\$ 283,313
Federal Grant Revenue - Section 5339	\$ 515,047	\$ 523,191	\$ 530,000
Federal Grant Revenue - Section 5307		\$ 576,809	\$ 570,000
<u>Debts Payments Due</u>			
July 1, 2017 (Interest Only)		\$ (348,468)	
January 1, 2017 (Interest Only)		\$ (527,094)	
July 1, 2018 (Principal + Interest)			\$ (867,094)
January 1, 2018 (Principal + Interest)	\$ -	\$ -	\$ (518,594)
Balance at Year End	\$ 1,125,000	\$ 1,385,688	\$ 1,383,313

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 in a limited capacity 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 as circumstances and funding allow. As the district begins allocating resources to make payments for the COPs it issued to complete its funding of the new Administration and Operations Facility, the FY 2017-18 budget does not include a capital reserve contribution. It is anticipated that the capital reserve fund balance will be approximately \$7.7 million on June 30, 2017.

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.

The capital project plan is consistent with other GCTD planning documents, including the Short-Range Transit Plan and the Fleet Management Plan.

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 has been operating well above its designed capacity; it is far smaller than the industry standard for our current fleet and service level. No further staffing and service expansion would have been feasible on the existing site.

The new facility is completely funded and construction is now underway. Construction began on March 27, 2017, and a public groundbreaking ceremony was held on May 10, 2017. The ECD for construction completion is September 26, 2018.

The working estimate-at-completion for the facility is \$52.1 million. GCTD has \$26.6 million in grant 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. GCTD successfully issued Certificates of Participation (COP) financing to raise \$22 million for the Project Fund (as well as almost \$1.4 million for the required Reserve Fund). The remaining \$3.5 million of the project cost will be covered by GCTD's Capital Reserve Fund.

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.

Historically most of GCTD's capital funding has come from federal transit grants, which generally cover 80% of cost and require a 20% local match component, however the past few years have seen substantial support and activity for increased transit funding at the State level. California's Transit and Intercity Rail Capital Program (TIRCP) and Low Carbon Transit Operations Program (LCTOP) programs, discretionary grant

programs funded from the Cap-and-Trade Program, may provide increasing support for transit projects in future years.

Additionally, the recently enacted SB1 legislation that primarily provided funding for street and highway repair also provides for transit State of Good Repair funds, additional STA funds and additional funding for the discretionary TIRCP grant program, all of which could benefit GCTD. As a result, for future programmed projects for which funding has not yet been identified, the plan makes no assumption of Federal-State-local split.

The total projected cost for all items on the ten-year capital project plan is \$95.7 million, which includes \$52.1 million for the new facility project (Table 11), \$5.5 million for other programmed projects for which funding has been identified (Table 12) and \$38.1 million of programmed projects (listed in Table 13) over the next ten years for which funding has not yet been identified. A matrix showing programmed vehicles (funded and not yet funded) is shown in Table 14.

A summary of the program appears in Table 15.

**TABLE 11
Gold Coast Transit District
Ten-Year Capital Project Plan –New Facility Funding Program**

<u>Funding Type</u>	<u>Federal</u>	<u>State Funds- (PTMISEA/ PROP 1B/</u>	<u>Local / Other</u>	<u>Total</u>	<u>Funding Year</u>
5309 Funds - Expended	\$ 475,000		\$ 118,750	\$ 593,750	2007-08
5307 Funds - Expended	\$ 400,000			\$ 400,000	2012-13
5307 Funds/14-15	\$ 100,000			\$ 100,000	2014-15
5307 Funds/15-16	\$ 100,000			\$ 100,000	2015-16
5309 Funds	\$ 15,000,000			\$ 15,000,000	2011-12
PTMISEA / Prop 1B		\$ 10,039,306		\$ 10,039,306	MULTIPLE
Prop 1B Safety/Security		\$ 527,648		\$ 527,648	MULTIPLE
COP Proceeds			\$ 22,012,934	\$ 22,012,934	2016-17
LTF Capital Reserve Funds	\$ -	\$ -	\$ 3,326,362	\$ 3,326,362	MULTIPLE
TOTAL - NEW FACILITY PROJECT	\$ 16,075,000	\$ 10,566,954	\$ 25,458,046	\$ 52,100,000	

TABLE 12

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

<u>Description</u>	<u>Funding Type</u>	<u>Federal</u>	<u>State Funds-</u>		<u>Total</u>
			<u>(PTMISEA/ PROP 1B/ LCTOP)</u>	<u>Local / Other</u>	
Mobile-Plan to AVN Interface	5307	\$ 12,800		\$ 3,200	\$ 16,000
Business Systems Upgrades	5307	\$ 160,000		\$ 40,000	\$ 200,000
Bus Stop Upgrades SIGNS	5307	\$ 40,000		\$ 10,000	\$ 50,000
Five (5) Expansion Buses	CMAQ	\$ 2,478,840		\$ 321,160	\$ 2,800,000
Automatic Vehicle Stop Annunciators / Passenger Information System Upgrades	PTMISEA		\$ 670,000		\$ 670,000
Dispatch/Scheduling for Paratransit Ops	PTMISEA		\$ 450,000		\$ 450,000
Paratransit Cutaways (8)	PTMISEA		\$ 880,000		\$ 880,000
Paratransit Vans (5)	PTMISEA	\$ -	\$ 400,000	\$ -	\$ 400,000
TOTAL = FUNDED PROJECTS		\$ 2,691,640	\$ 2,400,000	\$ 374,360	\$ 5,466,000

TABLE 13

**Gold Coast Transit District
Ten-Year Capital Project Plan – Programmed Projects
(Funding Not Identified)**

<u>Project / Item</u>	<u>FY2018-19</u>	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>
Paratransit Vans	\$ -	\$ -	\$ 280	\$ 359	\$ 295
Paratransit Cutaways	\$ -	\$ -	\$ 237	\$ 243	\$ 249
Replacement Buses	\$ -	\$ -	\$ -	\$ -	\$ -
Expansion Buses	\$ -	\$ -	\$ 1,120	\$ 1,148	\$ 1,177
Bus Refurbishment - New Flyers	\$ 1,132	\$ 1,305	\$ 1,338	\$ -	\$ -
Bus Refurbishment - NABIs	\$ -	\$ -	\$ -	\$ 1,491	\$ 1,358
Bus Refurbishment - Gilligs	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Relief Vehicles	\$ 30	\$ 92	\$ 32	\$ -	\$ 66
Expansion Relief Vehicles	\$ 30	\$ -	\$ -	\$ 65	\$ -
Supervisor Vehicles	\$ 36	\$ -	\$ -	\$ 78	\$ -
Replacement Van	\$ -	\$ -	\$ -	\$ -	\$ 51
Expansion Van	\$ -	\$ 48	\$ -	\$ -	\$ -
Misc. Support Equipment	\$ 250	\$ -	\$ -	\$ -	\$ -
Fare System Technology	\$ 246	\$ -	\$ -	\$ -	\$ -
GCTD ERP System Replacement	\$ 300	\$ 300	\$ 300	\$ -	\$ -
Passenger Information System Upgrades	\$ 150	\$ 150	\$ -	\$ -	\$ -
Office Technology Replacement Program	\$ 77	\$ 50	\$ 22	\$ 80	\$ 17
	\$ 2,251	\$ 1,945	\$ 3,329	\$ 3,464	\$ 3,213

TABLE 13 (continued)

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

<u>Project / Item</u>	<u>FY2023-24</u>	<u>FY2024-25</u>	<u>FY2025-26</u>	<u>FY2026-27</u>	<u>TOTAL</u>
Paratransit Vans	\$ 377	\$ -	\$ -	\$ 325	\$ 1,636
Paratransit Cutaways	\$ 256	\$ -	\$ -	\$ 275	\$ 1,260
Replacement Buses	\$ -	\$ 5,564	\$ 5,069	\$ 5,196	\$ 15,829
Expansion Buses	\$ 1,207	\$ -	\$ 1,268	\$ 1,299	\$ 7,219
Bus Refurbishment - New Flyers	\$ -	\$ -	\$ -	\$ -	\$ 3,775
Bus Refurbishment - NABIs	\$ -	\$ -	\$ -	\$ -	\$ 2,849
Bus Refurbishment - Gilligs	\$ 1,207	\$ 773	\$ -	\$ -	\$ 1,980
Replacement Relief Vehicles	\$ 34	\$ 35	\$ 107	\$ 290	\$ 686
Expansion Relief Vehicles	\$ -	\$ 35	\$ -	\$ 37	\$ 167
Supervisor Vehicles	\$ -	\$ 42	\$ -	\$ 44	\$ 200
Replacement Van	\$ -	\$ 54	\$ -	\$ -	\$ 105
Expansion Van	\$ -	\$ -	\$ 55	\$ -	\$ 103
Misc. Support Equipment	\$ 250	\$ -	\$ -	\$ -	\$ 500
Fare System Technology	\$ -	\$ -	\$ -	\$ -	\$ 246
GCTD ERP System Replacement	\$ -	\$ -	\$ -	\$ -	\$ 900
Passenger Information System Upgrades	\$ -	\$ -	\$ -	\$ -	\$ 300
Office Technology Replacement Program	\$ 17	\$ 25	\$ 52	\$ 58	\$ 398
	\$ 3,348	\$ 6,528	\$ 6,551	\$ 7,524	\$ 38,153

TABLE 14

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

<u>Item</u>	<u>FY2017-18</u>	<u>FY2018-19</u>	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>
Paratransit Vans	5			4	5	4
Paratransit Cutaways	8			2	2	2
Replacement Buses						
Expansion Buses		5		2	2	2
Bus Refurbishment - New Flyers		8	9	9		
Bus Refurbishment - NABIs					9	8
Bus Refurbishment - Gilligs						
Replacement Relief Vehicles		1	3	1		2
Expansion Relief Vehicles		1			2	
Supervisor Vehicles		1			2	
Replacement Van						1
Expansion Van						

<u>Item</u>	<u>FY2023-24</u>	<u>FY2024-25</u>	<u>FY2025-26</u>	<u>FY2026-27</u>	<u>TOTAL</u>
Paratransit Vans	5			4	27
Paratransit Cutaways	2			2	18
Replacement Buses		9	8	8	25
Expansion Buses	2		2	2	17
Bus Refurbishment - New Flyers					26
Bus Refurbishment - NABIs					17
Bus Refurbishment - Gilligs	8	5			13
Replacement Relief Vehicles	1	1	3	8	20
Expansion Relief Vehicles		1		1	5
Supervisor Vehicles		1		1	5
Replacement Van		1			2
Expansion Van					0

TABLE 15

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

New Facility	\$ 52,100,000
Funded Projects	\$ 5,466,000
 <u>Programmed Projects (Funding NOT Identified)</u>	
FY 2018-19	\$ 2,251,000
FY 2019-20	\$ 1,945,000
FY 2020-21	\$ 3,329,000
FY 2021-22	\$ 3,464,000
FY 2022-23	\$ 3,213,000
FY 2023-24	\$ 3,348,000
FY 2024-25	\$ 6,528,000
FY 2025-26	\$ 6,551,000
FY 2026-27	\$ 7,524,000
Total - Programmed Projects	\$ 38,153,000
Total - All Projects	\$ 95,719,000
 <u>by Project Type</u>	
New Facility	\$ 52,100,000
Bus Major Repair	\$ 8,604,000
New Buses	\$ 25,848,000
Other	\$ 550,000
Paratransit Vehicles	\$ 4,176,000
Service Vehicles	\$ 1,261,000
Transit Technology	\$ 1,382,000
Business Technology	\$ 1,798,000
Total - All Projects	\$ 95,719,000
 <u>By Funding Status</u>	
Total Required	\$ 95,719,000
Total Funded	\$ 57,566,000
Total Programmed, Not Funded	\$ 38,153,000

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 2017-18

TABLE 16

**Gold Coast Transit District - Depreciation Schedule
July 1, 2017 to June 30, 2018**

<u>Item</u>	<u>FY15-16 Budget</u>	<u>FY15-16 Actuals</u>	<u>FY16-17 Budget</u>	<u>Proposed Budget FY17-18</u>
Facility	495,720	494,590	311,250	58,000
Buses	1,817,489	1,864,071	2,008,301	2,048,000
Other Vehicles	35,472	35,219	32,859	41,200
Shop Equipment	19,478	19,478	19,440	19,000
Office/Other Equipment	355,701	276,862	345,213	243,400
OTC Improvements	4,000	5,851	23,300	23,400
Intangible Assets	0	0	0	0
Paratransit Revenue Vehicles	99,161	147,562	327,361	456,000
Paratransit Other Equipment	0	0	0	49,500
Total Depreciation	<u>\$2,827,021</u>	<u>\$2,843,634</u>	<u>\$3,067,724</u>	<u>\$2,938,500</u>

APPENDIX

A – Operational Unit FY 2017-18 Budgets

TABLE 17

**Gold Coast Transit District
Fixed Route Operating Budget
July 1, 2017 to June 30, 2018**

<u>FIXED ROUTE</u>	<u>FY15-16</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>Proposed</u>	<u>% +/-(-)</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY18 vs.</u>
				<u>FY17-18</u>	<u>FY17</u>
<u>Employees</u>					
Salaries	7,227,400	7,306,962	7,652,800	7,763,900	+1.5%
Health Benefits	1,358,400	1,281,034	1,405,500	1,387,900	(1.3%)
WCI	794,500	792,090	994,500	896,000	(9.9%)
Retirement	1,326,000	737,057	1,317,800	1,365,200	+3.6%
Other Benefits	147,100	137,974	163,700	166,300	+1.6%
Uniforms	56,500	46,677	57,000	53,000	(7.0%)
Medical Exams	37,000	37,948	37,000	37,000	+0.0%
Safety & Training	22,500	15,802	22,500	22,500	+0.0%
<u>Service/Supplies - Operational</u>					
Fuel/Lube	709,700	581,179	647,100	655,100	+1.2%
Tires	95,000	64,854	100,000	80,000	(20.0%)
Supplies	6,500	22,214	7,800	7,800	+0.0%
Maintenance Agreements	6,200	7,835	7,400	18,700	+152.7%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	<u>108,200</u>	<u>103,551</u>	<u>114,500</u>	<u>107,900</u>	(5.8%)
TOTAL	<u>\$11,895,000</u>	<u>\$11,135,177</u>	<u>\$12,527,600</u>	<u>\$12,561,300</u>	+0.3%

TABLE 18

Gold Coast Transit District
Maintenance Operating Budget
July 1, 2017 to June 30, 2018

<u>MAINTENANCE</u>	<u>FY15-16</u> <u>Budget</u>	<u>FY15-16</u> <u>Actuals</u>	<u>FY16-17</u> <u>Budget</u>	<u>Proposed</u> <u>Budget</u> <u>FY17-18</u>	<u>% +/-</u> <u>FY18 vs.</u> <u>FY17</u>
<u>Employees</u>					
Salaries	1,410,900	1,247,400	1,487,600	1,459,000	(1.9%)
Health Benefits	216,400	181,157	210,800	202,800	(3.8%)
WCI	108,700	108,370	126,400	114,700	(9.3%)
Retirement	256,200	147,063	258,400	249,000	(3.6%)
Other Benefits	41,600	39,161	44,200	50,200	+13.6%
Uniforms	19,000	10,017	20,500	26,500	+29.3%
Medical Exams	6,200	5,508	6,900	7,300	+5.8%
Safety & Training	16,000	12,398	18,000	29,000	+61.1%
Contract Support	10,000	17,393	10,000	22,000	+120.0%
<u>Service/Supplies - Operational</u>					
Fuel/Lubricants	23,000	27,059	30,000	31,000	+3.3%
Tires	80,000	48,040	75,000	75,000	+0.0%
Repair Parts	662,000	637,426	668,000	662,000	(0.9%)
CNG Fuel Station	100,000	58,738	90,000	100,000	+11.1%
Contract Repair	270,000	355,167	335,400	327,500	(2.4%)
Supplies	141,800	153,251	154,300	157,500	+2.1%
Warranty Recovery	0	-7,386	0	0	+0.0%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	47,800	44,331	51,800	53,000	+2.3%
Contract Services	<u>70,000</u>	<u>49,951</u>	<u>51,000</u>	<u>63,000</u>	+23.5%
TOTAL	<u>\$3,479,600</u>	<u>\$3,135,045</u>	<u>\$3,638,300</u>	<u>\$3,629,500</u>	(0.2%)

TABLE 19

Gold Coast Transit District
Administration Operating Budget
July 1, 2017 to June 30, 2018

<u>ADMINISTRATION</u>	<u>FY15-16</u> <u>Budget</u>	<u>FY15-16</u> <u>Actuals</u>	<u>FY16-17</u> <u>Budget</u>	<u>Proposed</u> <u>Budget</u> <u>FY17-18</u>	<u>% +/-</u> <u>FY18 vs.</u> <u>FY17</u>
<u>Employees</u>					
Salaries	1,168,700	1,189,406	1,312,000	1,402,600	+6.9%
Health Benefits	138,500	128,094	129,700	155,600	+20.0%
WCI	5,100	5,085	7,000	5,200	(25.7%)
Retirement	234,300	144,577	260,500	234,300	(10.1%)
Other Benefits	45,100	47,317	55,500	53,400	(3.8%)
Uniforms	900	551	900	900	N/A
Medical Exams	1,000	897	1,000	1,000	+0.0%
Safety & Training	51,000	42,824	66,500	45,000	(32.3%)
Employee Events	0	0	0	46,200	N/A
Contract Support	59,000	22,700	75,000	67,000	(10.7%)
<u>Service/Supplies - Support</u>					
Telephones/Utilities	26,500	29,072	31,500	32,000	+1.6%
Insurance	582,600	628,360	867,800	1,022,600	+17.8%
Contract Services	106,700	36,159	85,300	64,300	(24.6%)
Supplies	93,500	91,651	95,500	106,700	+11.7%
Legal	72,000	27,764	57,000	55,000	(3.5%)
Interest Expense	3,000	4,767	5,000	6,000	N/M
Audit	40,000	31,250	32,000	32,000	+0.0%
Officers & Directors	40,000	45,397	55,000	24,500	(55.5%)
Dues	<u>45,500</u>	<u>36,203</u>	<u>47,700</u>	<u>47,100</u>	(1.3%)
Total	<u>\$2,713,400</u>	<u>\$2,512,072</u>	<u>\$3,184,900</u>	<u>\$3,401,400</u>	+6.8%

TABLE 20

Gold Coast Transit District
 Paratransit/ Planning and Marketing Operating Budget
 July 1, 2017 to June 30, 2018

<u>PARATRANSIT / PLANNING AND MARKETING</u>	<u>FY15-16 Budget</u>	<u>FY15-16 Actuals</u>	<u>FY16-17 Budget</u>	<u>Proposed Budget FY17-18</u>	<u>% +/- FY18 vs. FY17</u>
<u>Employees</u>					
Salaries	702,400	643,282	740,500	645,700	(12.8%)
Health Benefits	92,700	92,755	97,200	105,500	+8.5%
WCI	3,300	3,290	4,500	3,900	(13.3%)
Retirement	119,300	77,287	136,300	125,200	(8.1%)
Other Benefits	13,900	15,788	21,900	12,500	(42.9%)
Uniforms	1,000	3,026	1,000	1,000	N/A
Medical Exams	600	919	600	600	+0.0%
Safety & Training	13,000	17,353	20,000	21,000	+5.0%
<u>Service/Supplies - Operational</u>					
Paratransit Service Contract	2,625,500	2,539,728	2,748,300	3,083,200	+12.2%
Fuel/Lubricants	106,700	108,591	104,600	99,000	(5.4%)
Tickets/Schedules	86,000	69,747	71,000	70,000	(1.4%)
Marketing	125,600	48,166	139,300	104,500	(25.0%)
Contracts	46,000	69,749	62,700	54,000	(13.9%)
OTC Facilities	11,600	15,507	15,000	14,000	(6.7%)
<u>Service/Supplies - Support</u>					
Telephones/Utilities	10,100	9,254	11,600	5,100	(56.0%)
Supplies	7,000	19,729	27,500	20,500	(25.5%)
Contract Services	38,300	30,526	70,300	71,200	+1.3%
TOTAL	\$4,003,000	\$3,764,697	\$4,272,300	\$4,436,900	+3.9%
PARATRANSIT	\$2,924,600	\$2,847,427	\$3,074,400	\$3,388,400	+10.2%
PLANNING AND MARKETING	\$1,083,400	\$918,160	\$1,205,400	\$1,056,000	(12.4%)

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 presently 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, 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 Events – Includes the costs incurred by GCTD staff employees while attending approved meetings and conferences, as well as official employee events and functions sanctioned by the General Manager.

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.

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.

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).