




Item #9

DATE: June 6, 2018

TO: GCTD Board of Directors

FROM: Steve L. Rosenberg 
Director of Finance and Administration

SUBJECT: **Conduct Public Hearing to Consider Budget Overview Presentation, Public Comment and Adoption of FY 2018-19 Operating, Planning and Capital Budget**

I. EXECUTIVE SUMMARY

The Gold Coast Transit District FY 2018-19 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 Board's Fiscal Policy Committee on March 7, 2018 and on April 16, 2018 and with the GCTD Technical Advisory Committee (TAC) on April 18, 2018. A full report on the proposed FY 2018-19 operating budget was presented for review and comment to the Board on May 2, 2018.

The proposed operating budget for FY 2018-19 is \$26,357,900, a 9.7% increase from the adopted FY 2017-18 budget. As discussed with the Board in May, there is minimal growth in this budget. The clear majority of the increases fall into a few categories; increased cost for contracted paratransit service; contractual increases in wage, health benefit and pension costs, increased costs associated with operating a new and much larger facility starting in late 2018 and increases in liability and workers' compensation insurance.

GCTD's Local Transportation Fund (LTF) funding, the District's largest funding source, is proposed to be \$15,499,751, anticipating approval by the Ventura County Transportation Commission (VCTC) on June 1, 2018. This is a 3% increase from the FY 2017-18 allocation approved in June 2017. The allocation for FY 2017-18 Federal 5307 and 5339 formula funding is \$4.6 million, a 3.8% decrease from the FY 2016-17 allocation of \$4.78 million. The budget also includes \$475,000 in Federal Congestion Mitigation Air Quality (CMAQ) demonstration project (new routes) funding for Route 22 (Wells Center (Saticoy)-Nyeland Acres).

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Estimated passenger fares for FY 2017-18 are \$3.07 million, with additional fare support of \$.24 million coming from VCTC's new college fare program and GCTD's proposed Free Fare Saturday program, both funded by the state's Low Carbon Transit Operations Program (LCTOP) program. 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 renewable natural gas to fuel the fleet.

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. GCTD's debt service obligation in FY 2018-19 is \$1,392,187.50, including principal repayment of \$355,000.

In summary, current year revenue sources total \$25.4 million, including \$15.5 million from LTF, \$5.1 million in Federal grant funds, \$3.1 million in passenger revenues, \$1.3 million in fare support programs and local revenues, and \$.4 million in State funds. GCTD will make use of \$4.6 million in funds from prior year revenues and grants, including \$3.3 million in LTF carryover funds, \$.9 million in federal grant funds and \$.4 million in deferred local revenues.

Current year uses for just over \$30 million in total revenue are \$26.4 million for the GCTD operating budget, \$1.4 million for the debt service budget and \$2.3 million for members' transit requirements.

The FY 2018-19 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 2018-19 Operating, Planning and Capital budget. After the public hearing is completed, it is recommended that the Board adopt the FY 2018-19 Operating, Planning and Capital budget.

II. BACKGROUND INFORMATION

a) Operating Budget

The proposed operating budget for FY 2018-19 is \$26,357,900, a 9.7% increase from the adopted FY 2017-18 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 2018-19, the final LTF revenue allocation for GCTD expected to be approved by the Ventura County Transportation Commission (VCTC) on June 2, 2017 is \$15,499,751; 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 reviewed and either funded in the current year or incorporated into the capital planning process.

The FY 2018-19 premised LTF allocation to GCTD is \$15,499,751 and members' claims for recurring transit services costs total \$2,232,026, however the District will reclaim as a carryover credit \$205,104 in FY 2016-17 operating and capital funds not expended by the members. For FY 2018-19 the District proposes to fund \$56,039 in discretionary non-recurring projects. That leaves \$13,416,790 for GCTD's use.

GCTD is budgeting \$440,000 in State Transit Assistance (STA) for FY 2018-19. In 2017 the legislature passed, and the Governor 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. Another SB1 transit fund is State of Good Repair (SGR), distributed using the STA formula. GCTD will use SGR funds for preventive maintenance activities. In FY 2017-18 it was not clear when recipients would begin to receive this additional funding, so these additional funds were not included in the budget. The District's FY 2018-19 budget includes the incremental revenue increase allocated for FY 2017-18 as well as the FY 2018-19 allocation for both STA and SGR. As a comparison, GCTD's STA revenue budget for FY 2017-18 was \$159,000.

GCTD's primary source of federal funding is FTA Section 5307 formula grant funding. On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation Act, or "FAST Act." In FY 2018-19, GCTD is projected to receive \$4.6 million in Section 5307 and Section 5339 (Bus and Bus Facilities) formula funding, a 3.8% decrease from GCTD's FY 2017-18 allocation. The decrease is primarily the result of the Ventura County Transportation Commission (VCTC) having increased last year's allocation by making a one-time reduction in the countywide planning funding it takes "off the top."

GCTD's FY 2018-19 operating budget includes \$475,000 in funds from a Federal Congestion Mitigation and Air Quality (CMAQ) grant that supports the provision of new service for the final year of a demonstration route grant supporting Route 22 serving the Wells Center (Saticoy)-Nyeland Acres corridor.

Passenger fares revenues for fixed route service are budgeted at \$2.75M, a decrease of 10% from the FY 2017-18 budget. Fixed route boardings as of March 2018 are tracking 4.3% lower than in FY 2016-17, and corresponding fare revenues as of March 2018 are tracking 3.9% below FY 2016-17. Additionally, GCTD expects to introduce two new fare subsidy programs funded by the state's Low Carbon Transit Operations Program (LCTOP), the county's College pass program and GCTD's Free Fare Saturday summer program. GCTD is budgeting \$242K in revenue from these programs in FY 2018-19; it is anticipated that some of this funding will displace existing fare revenue.

Passenger fare revenues for paratransit service are budgeted for \$319.6K in FY 2018-19, a 21.9% increase above the FY 2017-18 budget and 7% higher than the current projected

paratransit fare revenue for FY 2017-18. FY 2017-18 is the third consecutive year of double-digit growth in the demand for GCTD ACCESS paratransit service, and similar growth is projected for FY 2018-19.

GCTD will for FY 2018-19 introduce two new enhanced mobility programs funded by FTA Section 5310 funding; GO ACCESS direct service to Camarillo and GO ACCESS mobility training. GCTD has budgeted \$60K in Section 5310 revenue for FY 2018-19.

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 2018-19 marks the sixth 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 to \$220,000 in FY 2014-15 but dropped after losing our largest advertising customer. Advertising revenue has stabilized at \$150K - \$160K over the past several years, and GCTD is budgeting \$160,000 for FY 2018-19.

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. In October 2017 GCTD negotiated improved contract terms with its vendor that provides natural gas and administers both credit programs. The District expects its revenue from selling energy credits to increase from \$359K in FY 2016-17 to over \$600K in FY 2017-18. For FY 2018-19, GCTD is budgeting for \$646K in energy credit revenue.

GCTD had been claiming the Federal Alternative Fuel Excise Tax Credit for its use of CNG as a vehicle fuel since 2007. This credit had been generated approximately \$500,000 per year for the District. This tax incentive has expired and was retroactively extended by Congress multiple times, most recently in January 2018 for tax year 2017 only. No additional extension appears to be forthcoming. GCTD is not budgeting for this credit in FY 2018-19.

Operating Expense

Following is a description of the major cost areas.

Labor Expense – Labor and benefits in the FY 2018-19 budget project to a 6.3% increase from the FY 2017-18 budget. For labor, this includes a 2.75% increase in the first year of a four-year contract for employees represented by SEIU Local 721, as well as an additional equity adjustment for Maintenance employees included in that contract. Similar increases are budgeted for other GCTD personnel. Two positions are projected to be added, both in Facilities Maintenance and both directly in support of operating and maintaining GCTD new and much larger Operations and Administration Facility.

Health benefit contribution rates increased 7% in 2018, as the contractual increase was front-loaded to help employees cope with substantial health insurance cost increases in 2018. The most dramatic change in wage/benefit costs for FY 2018-19 is the increase in

the employer rates for GCTD's CalPERS pension plan. GCTD's rate increased from 9.855% to 10.172% of eligible income, a 3.2% increase, and GCTD's fixed amount for unfunded liability increased from \$700K to \$852K, an increase of 21.8%. CalPERS projects similar increases each of the next two years.

Boardings – The budget premise for FY 2018-19 fixed route service is 3.6 million boardings, a 4.8% decrease from the FY 2017-18 budget premise of 3.78 million boardings and very close to GCTD's actual boardings for FY16-17. The current forecast for actual boardings in FY 2017-18 as of March is 3.5 million, with much of the shortfall in December (fires) and March (unusually rainy).

The budget premise for FY 2018-19 ACCESS paratransit service is for 122,000 boardings, a 14% increase from the FY 2017-18 budget premise of 106,600 boardings. The current forecast for actual boardings in FY 2017-18 is 113,000, a 6% increase from the budgeted premise. Should the FY 2018-19 forecast hold, it would be the fourth consecutive year of double-digit ridership growth for GCTD's ACCESS service.

Service Adjustments – GCTD's FY2018-19 operating budget is based on the provision of 201,628 revenue service hours (RSH), a decrease of 0.4% from the FY 2017-18 premise of 202,351 RSH, and 2,170,192 revenue service miles (RSM), a decrease of .25% from the FY 2017-18 premise of 2,175,715 (RSM).

As a result of GCTD relocating from the downtown Oxnard to our new facility in North Oxnard, our schedules will see an increase in both deadhead (the time it takes a bus to reach the start of a route or return from the end of a route) and travel time (the time it takes a bus operator to travel to or from the point where he or she meets or departs from a bus in service). To minimize the increased cost associated with this additional paid time, GCTD will be working with an industry expert to conduct a comprehensive service efficiency study, with a goal of making recommendations to both improve service and minimize costs.

To minimize increased costs in the interim, the FY2018-19 budget includes a slight service reduction to be implemented in July 2018. This reduction includes elimination of Route 19 on Saturday and Sunday, and elimination of early AM trips on Route 15 and Route 5 on Weekends. These routes were selected based on very low ridership and in accordance with the adopted Service Planning Guidelines. GCTD staff will be conducting public outreach prior to implementation of these changes.

Insurance – GCTD's FY 2017-18 budget includes increases across most insurance lines. For property insurance GCTD anticipates a substantial increase as a result of moving into a larger, newer and better equipped facility. No quote has been received at this time, the budget estimates an increase of \$60,000.

For Workers' Comp GCTD belongs to the California State Association of Counties Excess Insurance Authority (CSAC-EIA) workers compensation 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. GCTD anticipates an 11.5% increase from FY 2017-18 based on increasing rates and wages.

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. CalTIP self-insures all claims against pool members up to \$1.5 million (in FY 2017-18), with excess and reinsurance covering claims in excess of that amount. GCTD carries coverage up to \$25 million. GCTD carried a \$25,000 self-insured retention (SIR, like a deductible) in FY 2017-18 after many years of carrying “first-dollar” coverage. The past few years have been increasingly challenging for transit liability insurance in California and for CalTIP, with the pool experiencing numerous large claims. This has significantly increased members’ rates.

To keep costs down, CalTIP has increased the pool’s SIR to \$1.5 million in FY 2017-18 and to \$1.75 million in FY 2018-19. For GCTD, taking on a \$25,000 SIR lowered GCTD’s liability insurance costs substantially from what it would have been a “first-dollar” coverage in FY 2017-18 and again in FY 2018-19. This coverage required the District to establish a claims expense budget for costs under the SIR. GCTD’s budget for liability insurance and claims costs combined increased from \$950,000 in FY 2017-18 to \$980,000 in FY 2018-19.

Fuel & Lubricants – GCTD’s FY 2018-19 fuel budget reflects a 11.3% decrease from the FY 2017-18 budget. The District continues to take advantage of the historic low commodity price for natural gas as well as the 10% discount from the published market commodity rate GCTD receives as part of its recently renegotiated third-party fuel purchase contract.

To build in a level of conservatism, pricing used in this budget is at a higher level than is currently being paid. A positive in GCTD’s fuel use is the increased use of MV1 vans in place of large cutaway vans for the majority of the ACCESS service. GCTD’s FY2018-19 budget for fuel/lubricants is \$696,100, of which \$654,800 is for CNG vehicle fueling.

Paratransit operations - For the third consecutive year demand for ACCESS Paratransit service in FY2017-18 is experiencing a 10%-11% increase. Based on this year’s trend, GCTD anticipates 122,000 boardings in FY 2018-19. Over the past several years cost increases have been moderated by exercising the final option of a long-term service contract, however that contract will expire at the end of 2018 and GCTD’s costs per hour will increase.

While a recent major software upgrade has had increased dispatching productivity, demand and pricing are driving a 23.8% budget increase. The FY 2018-19 budget for contracted paratransit service is \$3,816,200, a \$733,000 increase from the FY 2017-18 budget.

b) Capital Budget

The most significant item in GCTD’s Ten-Year Capital Project Plan is the New Administration and Operations Facility. The new facility construction is well underway; it began on March 27, 2017, a public groundbreaking ceremony was held on May 10, 2017, and the estimated completion date for construction is September 26, 2018.

The revised working estimate-at-completion for the facility is \$53 million. GCTD has \$27.6 million in grant funding for this project, including \$16.1 million in Federal grants and nearly \$11.5 million in State grant funds, including PTMISEA funds and Proposition 1B Safety & Security

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funds. GCTD successfully issued Certificates of Participation (COP) financing to raise \$22 million plus earned interest (\$.2M) for the Project Fund (as well as almost \$1.4 million for a required Reserve Fund). The remaining \$3.2 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 TIRCP and LCTOP programs 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 \$114.4 million, which includes \$53 million for the new facility project, \$7.1 million for other programmed projects for which funding has been identified and \$54.3 million of programmed projects over the next ten years, including over \$50 million for new and replacement buses, for which funding has not yet been identified. Detailed tables are provided in the budget document.

Capital Reserve Contribution – With the additional burden of nearly \$1.4 million in annual debt payments, this budget does not include a capital reserve contribution for FY 2018-19. GCTD anticipates finishing FY 2017-18 with approximately \$7.6 million in capital reserves, however more than \$3 million of that is expected to be required for completion of the new Administration and Operations Facility.

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.

For FY 2018-19 GCTD's payments on its long-term debt obligation will total \$1,392,187.50, including \$355,000 in principal. GCTD is budgeting \$1,100,000 in Federal funds and \$292,187.50 in local funds for debt repayment.

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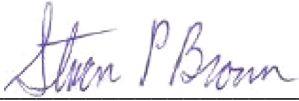
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III. RECOMMENDED ACTION

IT IS RECOMMENDED that the Board of Directors conduct the public hearing to receive public comment on the proposed FY 2018-19 Operating, Planning and Capital budget. After the public hearing is completed, it is recommended that the Board adopt the FY 2018-19 Operating, Planning and Capital budget.

Concurrence:

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

Steven P. Brown
General Manager

Attachment

Budget and Financial Plan

GOLD COAST TRANSIT DISTRICT
2018- 2019



Steven P. Brown
General Manager

Steve L. Rosenberg
Director of Finance and Administration

June 6, 2018

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GUIDE TO THE BUDGET AND FINANCIAL PLAN

The Gold Coast Transit District (GCTD) Budget and Financial Plan for FY 2018-19 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 2018-19 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 - Director

Councilmember Carmen
Ramirez - Alternate

City of Port Hueneme

Mayor Pro Tem Will Berg
Director

Councilmember Sylvia Munoz-
Schnopp - Alternate

City of Ventura

Councilmember Cheryl Heitmann
Vice-Chair

Councilmember James Monahan
Alternate

County of Ventura

Supervisor John C. Zaragoza
Chair

SENIOR MANAGEMENT STAFF

Steven P. Brown
General Manager

Steve L. Rosenberg
Director of Finance & Administration

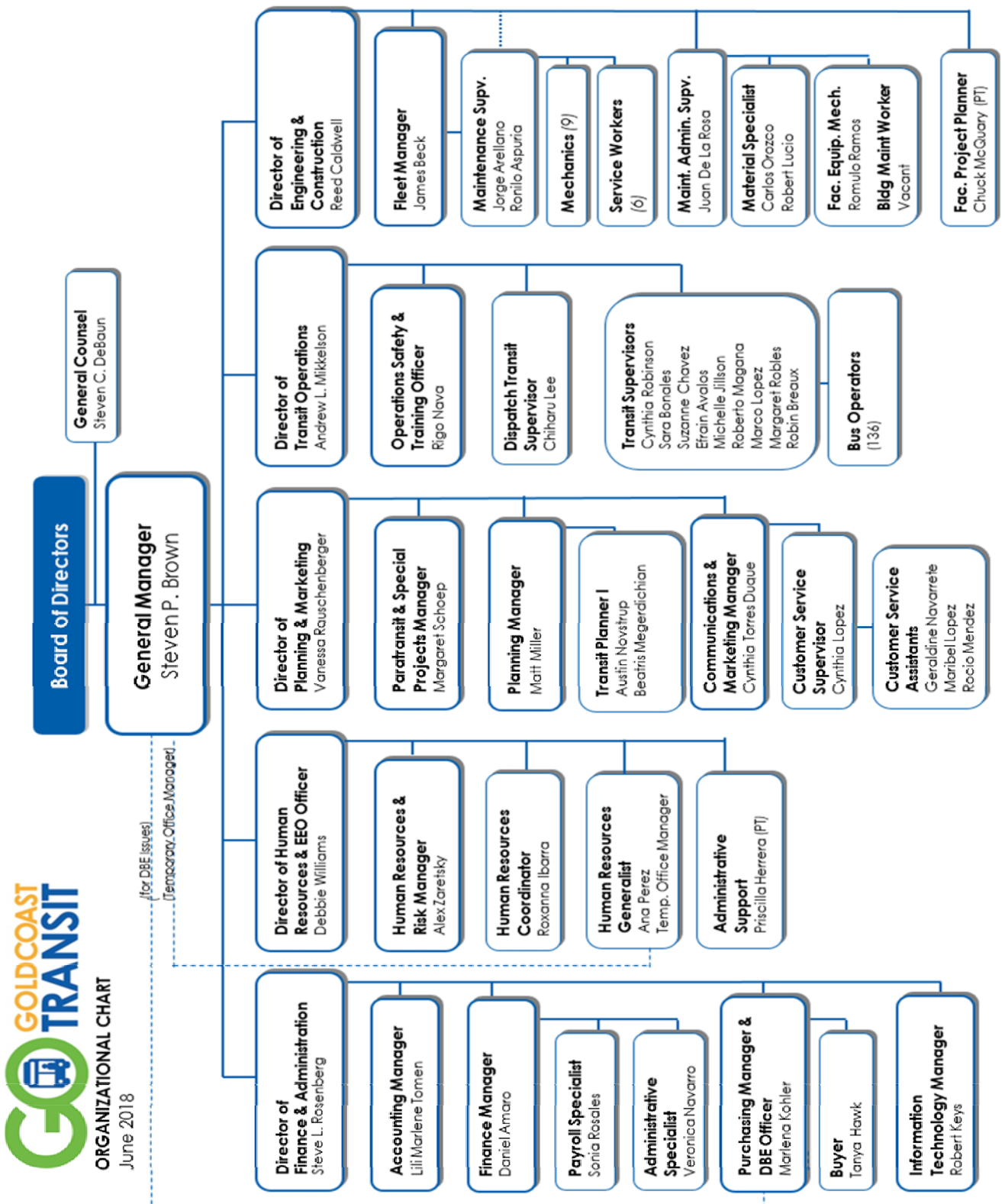
Vanessa Rauschenberger
Director of Planning & Marketing

Reed C. Caldwell
Director of Engineering & Construction

Andrew Mikkelsen
Director of Transit Operations

Debbie L. Williams
Director of Human Resources

Organizational Chart – June 2018



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 January 3, 2018 through June 30, 2021 that includes a 2.75% increase in July 2018. 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 proceeding with an estimated completion date of September 26, 2018. GCTD's current facility 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 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 increased 3% in FY 2018-19 compared to FY 2017-18. LTF has been

relatively flat, with GCTD's allocation ranging between \$14 and \$15.5 million after emerging from the recession in 2012. The FY 2018-19 budget has GCTD retaining 86.6% of the full allocated LTF (with members' capital and recurring transit requirements being the remaining 13.4%); this has ranged from 83% to 87% 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 the FY 2017-18 operating year under its operating expense budget by \$.9M - \$1M (excluding adjustments for GASB 68 pension expense entries to be determined).

BUDGET HIGHLIGHTS FOR FY 2018-19, THE **UPCOMING** BUDGET YEAR

The proposed operating budget for FY 2017-18 is \$26,357,900, a 9.7% increase from the adopted FY 2017-18 budget.

Budget highlights are as follows:

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transit uses included in this bill is increased STA funding. Another SB1 transit fund is State of Good Repair (SGR), distributed using the STA formula. GCTD will use SGR funds for preventive maintenance activities. In FY 2017-18 it was not clear when recipients would begin to receive this additional funding, so these additional funds were not included in the budget. The District's FY 2018-19 budget includes the incremental revenue increase allocated for FY 2017-18 as well as the FY 2018-19 allocation for both STA and SGR. As a comparison, GCTD's STA revenue budget for FY 2017-18 was \$159,000.

GCTD's primary source of federal funding is FTA Section 5307 formula grant funding. On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation Act, or "FAST Act." In FY 2018-19, GCTD is projected to receive \$4.6 million in Section 5307 and Section 5339 (Bus and Bus Facilities) formula funding, a 3.8% decrease from GCTD's FY 2017-18 allocation. The decrease is primarily the result of the Ventura County Transportation Commission (VCTC) having increased last year's allocation by making a one-time reduction in the countywide planning funding it takes "off the top."

GCTD's FY 2018-19 operating budget includes \$475,000 in funds from a Federal Congestion Mitigation and Air Quality (CMAQ) grant that supports the provision of new service for the final year of a demonstration route grant supporting Route 22 serving the Wells Center (Saticoy)-Nyeland Acres corridor.

Passenger fares revenues for fixed route service are budgeted at \$2.75M, a decrease of 10% from the FY 2017-18 budget. Fixed route boardings as of March 2018 are tracking 4.3% lower than in FY 2016-17, and corresponding fare revenues as of March 2018 are tracking 3.9% below FY 2016-17. Additionally, GCTD expects to introduce two new fare subsidy programs funded by the state's Low Carbon Transit Operations Program (LCTOP), the county's College pass program and GCTD's Free Fare Saturday summer program. GCTD is budgeting \$242K in revenue from these programs in FY 2018-19; it is anticipated that some of this funding will displace existing fare revenue.

Passenger fare revenues for paratransit service are budgeted for \$319.6K in FY 2018-19, a 21.9% increase above the FY 2017-18 budget and 7% higher than the current projected paratransit fare revenue for FY 2017-18. FY 2017-18 is the third consecutive year of double-digit growth in the demand for GCTD ACCESS paratransit service, and similar growth is projected for FY 2018-19.

GCTD will for FY 2018-19 introduce two new enhanced mobility programs funded by FTA Section 5310 funding; GO ACCESS direct service to Camarillo and GO ACCESS mobility training. GCTD has budgeted \$60K in Section 5310 revenue for FY 2018-19.

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 2018-19 marks the sixth 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 to \$220,000 in FY 2014-15 but dropped after losing our largest advertising customer. Advertising revenue has stabilized at \$150K - \$160K over the past several years, and GCTD is budgeting \$160,000 for FY 2018-19.

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. In October 2017 GCTD negotiated improved contract terms with its vendor that provides natural gas and administers both credit programs. The District expects its revenue from selling energy credits to increase from \$359K in FY 2016-17 to over \$600K in FY 2017-18. For FY 2018-19, GCTD is budgeting for \$646K in energy credit revenue.

GCTD had been claiming the Federal Alternative Fuel Excise Tax Credit for its use of CNG as a vehicle fuel since 2007. This credit had been generated approximately \$500,000 per year for the District. This tax incentive has expired and was retroactively extended by Congress multiple times, most recently in January 2018 for tax year 2017 only. No additional extension appears to be forthcoming. GCTD is not budgeting for this credit in FY 2018-19.

Operating Expense

The proposed operating budget for FY 2018-19 is \$26,357,900, a 9.7% increase from the adopted FY 2017-18 budget of \$24,036,600. Following is a description of the major cost areas.

Labor Expense – Labor and benefits in the FY 2018-19 budget project to a 6.3% increase from the FY 2017-18 budget. For labor, this includes a 2.75% increase in the first year of a four-year contract for employees represented by SEIU Local 721, as well as an additional equity adjustment for Maintenance employees included in that contract. Similar increases are budgeted for other GCTD personnel. Two positions are projected to be added, both in Facilities Maintenance and both directly in support of operating and maintaining GCTD new and much larger Operations and Administration Facility.

Health benefit contribution rates increased 7% in 2018, as the contractual increase was front-loaded to help employees cope with substantial health insurance cost increases in 2018. The most dramatic change in wage/benefit costs for FY 2018-19 is the increase in the employer rates for GCTD’s CalPERS pension plan. GCTD’s rate increased from 9.855% to 10.172% of eligible income, a 3.2% increase, and GCTD’s fixed amount for unfunded liability increased from \$700K to \$852K, an increase of 21.8%. CalPERS projects similar increases each of the next two years.

Boardings – The budget premise for FY 2018-19 fixed route service is 3.6 million boardings, a 4.8% decrease from the FY 2017-18 budget premise of 3.78 million boardings and very close to GCTD's actual boardings for FY16-17. The current forecast for actual boardings in FY 2017-18 as of March is 3.5 million, with much of the shortfall in December (fires) and March (unusually rainy).

The budget premise for FY 2018-19 ACCESS paratransit service is for 122,000 boardings, a 14% increase from the FY 2017-18 budget premise of 106,600 boardings. The current forecast for actual boardings in FY 2017-18 is 113,000, a 6% increase from the budgeted premise. Should the FY 2018-19 forecast hold, it would be the fourth consecutive year of double-digit ridership growth for GCTD's ACCESS service.

Service Adjustments – GCTD's FY2018-19 operating budget is based on the provision of 201,628 revenue service hours (RSH), a decrease of 0.4% from the FY 2017-18 premise of 202,351 RSH, and 2,170,192 revenue service miles (RSM), a decrease of .25% from the FY 2017-18 premise of 2,175,715 (RSM).

As a result of GCTD relocating from the downtown Oxnard to our new facility in North Oxnard, our schedules will see an increase in both deadhead (the time it takes a bus to reach the start of a route or return from the end of a route) and travel time (the time it takes a bus operator to travel to or from the point where he or she meets or departs from a bus in service). To minimize the increased cost associated with this additional paid time, GCTD will be working with an industry expert to conduct a comprehensive service efficiency study, with a goal of making recommendations to both improve service and minimize costs.

To minimize increased costs in the interim, the FY2018-19 budget includes a slight service reduction to be implemented in July 2018. This reduction includes elimination of Route 19 on Saturday and Sunday, and elimination of early AM trips on Route 15 and Route 5 on Weekends. These routes were selected based on very low ridership and in accordance with the adopted Service Planning Guidelines. GCTD staff will be conducting public outreach prior to implementation of these changes.

Insurance – GCTD's FY 2017-18 budget includes increases across most insurance lines. For property insurance GCTD anticipates a substantial increase as a result of moving into a larger, newer and better equipped facility. No quote has been received at this time, the budget estimates an increase of \$60,000.

For Workers' Comp GCTD belongs to the California State Association of Counties Excess Insurance Authority (CSAC-EIA) workers compensation 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. GCTD anticipates an 11.5% increase from FY 2017-18 based on increasing rates and wages.

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. CalTIP self-insures all claims against pool members up to \$1.5 million (in FY 2017-18), with excess and reinsurance covering claims in excess of that amount. GCTD carries coverage up to \$25 million. GCTD carried a \$25,000 self-insured retention (SIR, like a deductible) in FY 2017-18 after many years of carrying “first-dollar” coverage. The past few years have been increasingly challenging for transit liability insurance in California and for CalTIP, with the pool experiencing numerous large claims. This has significantly increased members’ rates.

To keep costs down, CalTIP has increased the pool’s SIR to \$1.5 million in FY 2017-18 and to \$1.75 million in FY 2018-19. For GCTD, taking on a \$25,000 SIR lowered GCTD’s liability insurance costs substantially from what it would have been a “first-dollar” coverage in FY 2017-18 and again in FY 2018-19. This coverage required the District to establish a claims expense budget for costs under the SIR. GCTD’s budget for liability insurance and claims costs combined increased from \$950,000 in FY 2017-18 to \$980,000 in FY 2018-19.

Fuel & Lubricants – GCTD’s FY 2018-19 fuel budget reflects a 11.3% decrease from the FY 2017-18 budget. The District continues to take advantage of the historic low commodity price for natural gas as well as the 10% discount from the published market commodity rate GCTD receives as part of its recently renegotiated third-party fuel purchase contract.

To build in a level of conservatism, pricing used in this budget is at a higher level than is currently being paid. A positive in GCTD’s fuel use is the increased use of MV1 vans in place of large cutaway vans for the majority of the ACCESS service. GCTD’s FY2018-19 budget for fuel/lubricants is \$696,100, of which \$654,800 is for CNG vehicle fueling.

Paratransit operations - For the third consecutive year demand for ACCESS Paratransit service in FY2017-18 is experiencing a 10%-11% increase. Based on this year’s trend, GCTD anticipates 122,000 boardings in FY 2018-19. Over the past several years cost increases have been moderated by exercising the final option of a long-term service contract, however that contract will expire at the end of 2018 and GCTD’s costs per hour will increase.

While a recent major software upgrade has had increased dispatching productivity, demand and pricing are driving a 23.8% budget increase. The FY 2018-19 budget for contracted paratransit service is \$3,816,200, a \$733,000 increase from the FY 2017-18 budget.

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 (SB 508 in 2015) 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 provided 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 includes 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 2018-19 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 2018-19 budget is 20% for fixed route and 14.8% for paratransit.

Capital Reserve Contribution – With the additional burden of nearly \$1.4 million in annual debt payments, this budget does not include a capital reserve contribution for FY 2018-19. GCTD anticipates finishing FY 2017-18 with approximately \$7.6 million in capital reserves, however more than \$3 million of that is expected to be required for completion of the new Administration and Operations Facility.

RETROSPECTIVE REVIEW OF BUDGET HIGHLIGHTS FOR FY 2017-18 - THE CURRENT BUDGET YEAR

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

Budget highlights were as follows:

Revenues

GCTD's primary revenue source continued 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 was \$15,043,768. Members' claims for recurring transit services costs totaled \$2,046,387, however the District reclaimed as a carryover credit \$269,446 in FY 2015-16 operating funds not spent by the members. For FY 2017-18 the District funded \$270,334 in discretionary non-recurring projects. That left \$12,996,493 for GCTD's use.

GCTD budgeted \$159,000 in State Transit Assistance (STA) for FY 2017-18. In addition, SB1 was signed into law, increasing a variety of taxes and fees to fund transportation infrastructure projects. Among the transit uses included in this bill is increased STA funding. Early estimates were not clear when or how much additional funding would be available, so these additional funds were not budgeted.

GCTD's primary source of federal funding is FTA Section 5307/5339 formula grant funding. For FY 2017-18, GCTD was 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 included \$600,000 in funds from a Federal Congestion Mitigation and Air Quality (CMAQ) grant that supports the provision of new service; FY 2017-18 was the second year of a three-year grant supporting Route 22 serving the Wells Center (Saticoy)-Nyeland Acres corridor.

Passenger fares revenues for fixed route service were budgeted at \$3.05M, a decrease of 5% from the FY 2016-17 budget. Passenger fare revenues for paratransit service were budgeted at \$262K, an 8% increase from the FY 2016-17 budget.

GCTD received revenue claimed by Ventura County Public Health (VCPH) under the Medi-Cal Administrative Activities (MAA) program to partially reimburse GCTD for providing Medi-Cal eligible trips on the GCTD ACCESS service. The District budgeted \$195,000 in revenue for these trip-related reimbursements.

GCTD's bus advertising sales program was budgeted to generate \$160,000 in revenue for FY 2017-18. GCTD generates revenue related to its use of compressed natural gas (CNG) by generating and selling both Low Carbon Fuel Standard (LCFS) credits from the State of California "cap-and-trade" program and Renewable Identification Number (RIN) credits from U.S. EPA. The District budgeted \$353,500 in energy credit sales revenue for FY 2017-18.

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. Another extension expired on December 31, 2016. No extension was anticipated so GCTD did not budget for this credit in FY 2017-18, however in early January 2018 Congress extended this credit through December 2017 and GCTD claimed this credit in FY 2017-18.

Operating Expense

The proposed operating budget for FY 2017-18 was \$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 were projected to increase 0.6% as compared to the FY 2016-17 budget. GCTD contract employees received a 3% contractual wage increase in July 2017 and a similar increase were implemented for other GCTD employees. Mitigating factors included 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 remained 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) changed for FY 2017-18. This entire amount was previously a percentage of eligible wages; in FY 2016-17 it was 17.048%. For FY 2017-18 the Employer Normal Cost portion was a percentage (9.855%) but the Employer Payment of Unfunded Liability portion was a fixed amount. While this will undoubtedly increase GCTD's costs in the long-term, for FY 2017-18 costs were 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 was 3.78 million boardings, a 3.7 % decrease from the FY 2016-17 budget premise of 3.92 million boardings.

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

Service Adjustments – GCTD implemented 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) also decreased 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 was \$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 was \$9.49, a 1.2% increase from the budgeted cost of \$9.38 in FY 2016-17.

Insurance – GCTD's FY 2017-18 budget included 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-insured 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 increased its SIR to \$1.5 million and GCTD has increased its SIR to \$25,000. This 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 required the District to establish a claims expense budget for costs under the SIR. GCTD's claims expense budget for FY 2017-18 was \$230,000. The total of these two line items was 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. The FY 2016-17 budget of \$1,019,800 was an estimate that includes an increase from the previous year's cost as well as a factor to reduce the preliminary estimate.

Fuel & Lubricants - The FY 2017-18 budget for fuel and lubricants was \$785,100, a 0.4% increase from the FY 2016-17 budget of \$781,700. GCTD continued 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 increased to 6% in October 2017 if GCTD exercises its contract option. GCTD transitioned to a more fuel-efficient paratransit fleet vehicle composition, which also contributed to keeping fuel costs under control.

The unit price used to calculate the FY 2017-18 budget was 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 was \$3,083,200, a 12.2% increase from the FY 2016-17 budget of \$2,748,300. Current year costs were trending 4% higher than budget. The budget premise for service demand in FY2017-18 was a 10% increase from the FY 2016-17 budget premise, with FY 2016-17 demand trending 6% higher than premised. Cost increases were moderated by exercise of the final option year of a long-term service contract.

Farebox Recovery Ratio – GCTD had a modest reserve of local deferred revenue from a prior year. The FY 2017-18 budget premise included 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 was 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 did not include a capital reserve contribution for FY 2017-18.

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 18, 2018 and in separate meetings with the Board of Directors Fiscal Policy Committee on March 7, 2018 and April 16, 2018. A report on the proposed FY 2018-19 budget was presented for review and comment to the Board of Directors on May 2, 2018.

BUDGET SUMMARY

The budget summary is displayed in Table 1, Operating Budget Summary, 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 18) section and the revenue sources in the **Operating Revenue** (page 20). 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 32) section, and a summary of the debt service budget appears in **Debt Service** (page 31). 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, 2018 to June 30, 2019

	<u>FY16-17</u>	<u>FY16-17</u>	<u>FY17-18</u>	<u>Proposed</u>	<u>% +/-</u>
<u>Operating Revenues</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY19 vs.</u>
			<u>(Adjusted)</u>	<u>FY18-19</u>	<u>FY18</u>
Passenger Fares-Fixed Route	\$3,209,400	\$2,936,328	\$3,050,500	\$2,749,900	(9.9%)
Passenger Fares-Paratransit	\$242,500	\$268,530	\$262,200	\$319,600	+21.9%
Special Transit Fares (FR) - Member Gov'ts	\$0	\$0	\$0	\$410,000	N/A
LCTOP Fare Support Programs	\$0	\$0	\$0	\$241,500	N/A
Interest	\$13,000	\$25,728	\$20,000	\$36,000	+80.0%
Advertising Income	\$180,000	\$150,611	\$160,000	\$160,000	+0.0%
Energy Credit Revenue	\$354,200	\$359,151	\$353,500	\$646,500	N/A
Alternative Fuel Excise Tax Credit	\$251,000	\$245,231	\$537,177	\$0	N/A
Other	\$1,000	\$19,653	\$1,000	\$20,000	+1900.0%
Operating Assistance-State	\$150,000	\$150,000	\$159,000	\$440,000	+176.7%
Operating Assistance-Local (LTF)	\$14,790,710	\$13,338,152	\$14,968,600	\$16,235,227	+8.5%
Other Local/State Assistance	\$0	\$3,095	\$0	\$0	N/A
Demo Project - Wells Center/Nyeland Acres	\$560,000	\$579,146	\$600,000	\$475,000	N/A
Operating Assistance-Federal	\$1,050,000	\$1,050,000	\$1,050,000	\$1,250,000	+19.0%
Preventive Maintenance-Federal	\$1,607,177	\$1,607,177	\$1,534,812	\$2,201,173	+43.4%
Paratransit Assistance-Federal	\$896,613	\$896,613	\$944,811	\$918,000	(2.8%)
Planning Assistance-Federal	\$200,000	\$200,000	\$200,000	\$0	(100.0%)
Mobility Grants - Federal	\$0	\$0	\$0	\$60,000	N/A
Medi-Cal Reimbursement / Paratransit	\$125,000	\$277,269	\$195,000	\$195,000	+0.0%
Other Fed Grants and Reimbursements	\$0	\$2,192	\$0	\$0	N/A
TOTAL	\$23,630,600	\$22,108,877	\$24,036,600	\$26,357,900	+9.7%
	<u>FY16-17</u>	<u>FY16-17</u>	<u>FY17-18</u>	<u>Proposed</u>	<u>% +/-</u>
<u>Operating Expenses</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY19 vs.</u>
			<u>(Adjusted)</u>	<u>FY18-19</u>	<u>FY18</u>
FUNCTIONAL CATEGORIES					
Employee Support	16,763,700	15,541,795	16,778,900	17,928,200	+6.8%
Service/Supplies - Operational	5,435,000	5,272,359	5,691,300	6,422,700	+12.9%
Service/Supplies - Support	1,431,900	1,299,190	1,566,400	2,007,000	+28.1%
TOTAL	\$23,630,600	\$22,113,345	\$24,036,600	\$26,357,900	+9.7%
DEPARTMENT CATEGORIES					
Fixed Route	12,527,600	11,825,593	12,561,300	13,156,600	+4.7%
Paratransit	3,074,400	3,163,880	3,388,400	4,063,400	+19.9%
Maintenance	3,638,300	3,214,222	3,629,500	4,426,000	+21.9%
Administration	3,184,900	2,906,622	3,401,400	3,493,100	+2.7%
Planning and Marketing	1,205,400	1,003,028	1,056,000	1,218,800	+15.4%
TOTAL	\$23,630,600	\$22,113,345	\$24,036,600	\$26,357,900	+9.7%
Total Fixed Route	\$20,556,200	\$18,949,465	\$20,648,200	\$22,294,500	+8.0%
Total Paratransit	\$3,074,400	\$3,163,880	\$3,388,400	\$4,063,400	+19.9%
Farebox Recovery Ratio	19%	21%	19%	19.3%	
FRR Fixed Route	20%	23%	20%	20.0%	
FRR Paratransit	10%	13%	11%	14.8%	

TABLE 2
Gold Coast Transit District
Operating Budget – Functional Categories
July 1, 2018 to June 30, 2019

	<u>FY16-17</u>	<u>FY16-17</u>	<u>FY17-18</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY19 vs.</u>
<u>Employee Support</u>			<u>(Adjusted)</u>	<u>FY18-19</u>	<u>FY18</u>
Salaries	11,192,900	10,838,695	11,271,200	11,890,400	+5.5%
Health Benefits	1,843,200	1,747,790	1,851,800	1,916,000	+3.5%
WCI	1,132,400	936,523	1,019,800	1,136,700	+11.5%
Retirement	1,973,000	1,491,884	1,973,700	2,227,900	+12.9%
Other Benefits	285,300	234,887	282,400	314,800	+11.5%
Uniforms	79,400	50,119	81,400	77,900	(4.3%)
Medical Exams	45,500	46,375	45,900	49,500	+7.8%
Safety & Training	127,000	92,830	117,500	125,000	+6.4%
Employee Events	0	0	46,200	41,500	N/A
Contract Support	<u>85,000</u>	<u>102,693</u>	<u>89,000</u>	<u>148,500</u>	<u>+66.9%</u>
TOTAL	<u>\$16,763,700</u>	<u>\$15,541,795</u>	<u>\$16,778,900</u>	<u>\$17,928,200</u>	<u>+6.8%</u>

	<u>FY16-17</u>	<u>FY16-17</u>	<u>FY17-18</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY19 vs.</u>
<u>Service/Supplies - Operational</u>			<u>(Adjusted)</u>	<u>FY18-19</u>	<u>FY18</u>
Fuel/Lubricants	781,700	780,018	785,100	696,300	(11.3%)
Tires	175,000	115,733	155,000	155,000	+0.0%
Repair Parts	668,000	666,026	662,000	689,000	+4.1%
CNG Fuel Station	90,000	63,402	100,000	75,000	(25.0%)
Paratransit Service Contract	2,748,300	2,886,939	3,083,200	3,816,200	+23.8%
Contract Repair	335,400	290,833	327,500	350,100	+6.9%
Contract Services	218,300	167,211	189,500	160,800	(15.1%)
Supplies	173,100	147,868	168,300	209,000	+24.2%
Tickets/Schedules	71,000	76,528	70,000	63,000	(10.0%)
Marketing	146,800	66,150	112,000	157,500	+40.6%
Interest Expense	5,000	6,436	6,000	9,000	+50.0%
OTC Facilities	15,000	11,966	14,000	14,000	+0.0%
Maintenance Agreements	7,400	6,656	18,700	27,800	+48.7%
Warranty Recovery	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>+0.0%</u>
TOTAL	<u>\$5,435,000</u>	<u>\$5,285,764</u>	<u>\$5,691,300</u>	<u>\$6,422,700</u>	<u>+12.9%</u>

	<u>FY16-17</u>	<u>FY16-17</u>	<u>FY17-18</u>	<u>Proposed</u>	<u>% +/-</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>	<u>FY19 vs.</u>
<u>Service/Supplies - Support</u>			<u>(Adjusted)</u>	<u>FY18-19</u>	<u>FY18</u>
Telephones/Utilities	209,400	183,621	198,000	225,600	+13.9%
Insurance	867,800	788,785	1,022,600	1,116,500	+9.2%
Contract Services	51,000	51,093	63,000	325,000	+415.9%
Supplies	112,000	116,521	124,200	153,400	+23.5%
Legal	57,000	40,481	55,000	71,000	+29.1%
Audit	32,000	30,000	32,000	35,000	+9.4%
Officers & Directors	55,000	44,584	24,500	24,500	+0.0%
Dues	<u>47,700</u>	<u>44,106</u>	<u>47,100</u>	<u>56,000</u>	<u>+18.9%</u>
TOTAL	<u>\$1,431,900</u>	<u>\$1,299,190</u>	<u>\$1,566,400</u>	<u>\$2,007,000</u>	<u>+28.1%</u>
GRAND TOTAL	<u>\$23,630,600</u>	<u>\$22,126,750</u>	<u>\$24,036,600</u>	<u>\$26,357,900</u>	<u>+9.7%</u>

EXPENDITURES

Employees – Support

The proposed budget for employee support shows an increase of \$1,206,500 (7.2%).

GCTD represented personnel will receive 2.75% wage increases in July 2018 in accordance with the District's MOUs with SEIU Local 721; these agreements cover approximately 80% of GCTD employees. Non-represented personnel have historically received adjustments commensurate with contractual increases. GCTD recently signed new MOUs with SEIU Local 721 covering January 2018 through June 2021. GCTD estimates that premised service levels will require approximately 135 bus operators for FY 2018-19. Operator headcount is driven by service planning and other variables, and actual headcount will typically vary throughout the year. Non-operator headcount is projected to be 65, an increase of two full-time employees from the FY 2017-18 budget level of 63.

GCTD's headcount budget is shown in Table 3.

Health benefit contribution increased 7% in January 2018 in accordance with the new MOUs, and the increase in January 2019 will be 3%. GCTD's CalPERS employer pension contribution will increase substantially for FY 2018-19. GCTD's Employer Normal Cost Rate will increase from 9.855% to 10.172% of applicable earnings, an increase of 3.2%, and GCTD's fixed charge for Unfunded Accrued Liability increased from \$699,710 to 852,209, an increase of 21.8%. CalPERS projects similar increases each of the next two years

GCTD's workers compensation insurance (WCI) budget line item will increase \$116,900 (11.5%) in FY 2018-19, a combination of increased payroll and higher WCI rates.

TABLE 3
Gold Coast Transit District
GCTD Headcount Budget
July 1, 2018 to June 30, 2019

Position	FY17-18 Approved Budget	FY18-19 Proposed Budget Changes	FY18-19 Proposed Budget
<u>Operations</u>			
Bus Operator	135	0	135
Operations Total	135	0	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
Operations Mgmt. Total	12	0	12
<u>Paratransit</u>			
Paratransit & Special Projects Mgr.	1		1
Paratransit Total	1	0	1
<u>Maintenance</u>			
Director of Engineering & Construction	1		1
Facility Project Planner	0.5	-0.5	0
Facilities Intern	0	0.5	0.5
Fleet Manager	1		1
Maintenance Supervisor	2		2
Maintenance Supervisor (Administration)	1		1
Facility & Equipment Mechanic II	1	1	2
Maintenance Material Specialist	2		2
Mechanic	10		10
Bldg. Maintenance Worker	1	1	2
Service Worker	8		8
Maintenance Total	27.5	2	29.5
<u>Administration</u>			
General Manager	1		1
Office Manager	1	-1	0
Director of Finance & Administration	1		1
Accounting Manager	1		1
Finance Manager	1		1
Payroll Specialist	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
Administration Total	10.5	-1	9.5
<u>Human Resources</u>			
Director of Human Resources	1		1
Human Resources & Risk Manager	1		1
Human Resources Generalist	0	1	1
Human Resources Coordinator	1		1
Human Resources Total	3	1	4
<u>Planning & Marketing</u>			
Director of Planning & Marketing	1		1
Communications & Marketing	1		1
Customer Service Supervisor	1		1
Customer Service Asst	3		3
Transit Planning Manager	1		1
Transit Planner	2		2
Planning & Marketing Total	9	0	9
Grand Total	198	2	200

Service/Supplies – Operational

The proposed FY 2018-19 budget for Service/Supplies - Operational shows an increase of \$731,400 (12.9%) from FY 2017-18. The amount of the increase is nearly equal to the budgeted increase for GCTD's contracted ACCESS paratransit service and is primarily the result of two factors; increased ridership demand and an anticipated increase in contract rates as our contract expires and is rebid this coming year.

The FY 2018-19 budget for the Paratransit Service Contract line item is 23.8% higher than the FY 2017-18 budget, primarily as the result of a 14% increase in projected ridership over the previous year's budget. Budgeted boardings increase from 106,600 in the FY 2017-18 budget to 122,000, while VRHs increase from 44,400 to 51,000. This would be the fourth consecutive year of double-digit increases.

Over the past several years paratransit service cost increases have been moderated by exercising the option years of a long-term service contract, however that contract will expire at the end of 2018 and GCTD's costs per hour will increase.

The FY 2018-19 budget for fuel and lubricants is \$696,300, an 11% decrease from the FY 2017-18 budget of \$785,100. As discussed in an earlier section, GCTD continues to benefit from the continued historic low commodity price for natural gas, a recently renegotiated discount from GCTD's third-party gas supplier and improved fuel economy from the Paratransit service fleets resulting from introducing thirteen (13) smaller vans into the fleet over the past two years.

Service/Supplies – Support

The proposed budget for service/supplies support in FY 2018-19 shows an increase of \$440,600 (28.1%) from FY2017-18. Most of these additional costs are associated with operating a newer and much larger Operations and Administration Facility. The most significant increase is under contract services, which is driven by anticipated cost of security services at the new facility. Other areas of increased cost include the higher cost of property insurance for a larger and more expensive facility, and somewhat higher utility costs.

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 2018-19

TABLE 4
Gold Coast Transit District
Operating Budget Revenue
July 1, 2018 to June 30, 2019

<u>Operating Revenues</u>	<u>FY16-17</u> <u>Budget</u>	<u>FY16-17</u> <u>Actuals</u>	<u>FY17-18</u> <u>Budget</u> <u>(Adjusted)</u>	<u>Proposed</u> <u>Budget</u> <u>FY18-19</u>	<u>% +/-</u> <u>FY19 vs.</u> <u>FY18</u>
Passenger Fares-Fixed Route	\$3,209,400	\$2,936,328	\$3,050,500	\$2,749,900	(9.9%)
Passenger Fares-Paratransit	\$242,500	\$268,530	\$262,200	\$319,600	+21.9%
Special Transit Fares (FR) - Member Gov'ts	\$0	\$0	\$0	\$410,000	N/A
LCTOP Fare Support Programs	\$0	\$0	\$0	\$241,500	N/A
Interest	\$13,000	\$25,728	\$20,000	\$36,000	+80.0%
Advertising Income	\$180,000	\$150,611	\$160,000	\$160,000	+0.0%
Energy Credit Revenue	\$354,200	\$359,151	\$353,500	\$646,500	N/A
Alternative Fuel Excise Tax Credit	\$251,000	\$245,231	\$537,177	\$0	N/A
Other	\$1,000	\$19,653	\$1,000	\$20,000	+1900.0%
Operating Assistance-State	\$150,000	\$150,000	\$159,000	\$440,000	+176.7%
Operating Assistance-Local (LTF)	\$14,790,710	\$13,338,152	\$14,968,600	\$16,235,227	+8.5%
Other Local/State Assistance	\$0	\$3,095	\$0	\$0	N/A
Demo Project - Wells Center/Nyeland Acres	\$560,000	\$579,146	\$600,000	\$475,000	N/A
Operating Assistance-Federal	\$1,050,000	\$1,050,000	\$1,050,000	\$1,250,000	+19.0%
Preventive Maintenance-Federal	\$1,607,177	\$1,607,177	\$1,534,812	\$2,201,173	+43.4%
Paratransit Assistance-Federal	\$896,613	\$896,613	\$944,811	\$918,000	(2.8%)
Planning Assistance-Federal	\$200,000	\$200,000	\$200,000	\$0	(100.0%)
Mobility Grants - Federal	\$0	\$0	\$0	\$60,000	N/A
Medi-Cal Reimbursement / Paratransit	\$125,000	\$277,269	\$195,000	\$195,000	+0.0%
Other Fed Grants and Reimbursements	\$0	\$2,192	\$0	\$0	N/A
TOTAL	\$23,630,600	\$22,108,877	\$24,036,600	\$26,357,900	+9.7%

Following is a brief discussion of each major revenue area.

Passenger Fares

Passenger fare revenues are projected to finish FY 2017-18 at approximately \$3.12 million; that would be 6% lower than budgeted. Fixed route passenger fares are projected to end the year 7.7% under the FY 2017-18 budgeted amount at approximately \$2.82 million, attributable to lower-than expected passenger boardings, and paratransit fares are forecast to be 14% higher than the FY 2017-18 budgeted amount at \$299,000, attributable to higher-than-anticipated boardings and slightly higher fare revenue per boarding.

The budget premise for FY 2018-19 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 2018-19 paratransit fare revenue is \$319,600, an 21.9% increase from the FY 2017-18 budget. This is based on a 14.4% projected ridership increase and slightly lower revenue per boarding than the current FY 2017-18 actual revenue per boarding.

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.

In FY 2017-18 GCTD introduced Token Transit, which allows riders to pay transit fares using a free-download smartphone app.

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 2017-18 are trending 4.3% behind FY 2016-17 and project to 3.5 million. For FY 2018-19, the budget premise is that ridership will be 3.6 million boardings, 2.9% higher than the current FY 2017-18 year-end projection.

Paratransit Ridership

Paratransit ridership in FY 2017-18 is running 6% higher than the FY 2017-18 budgeted level, and 11% higher than FY 2016-17 ridership. At the current projected level, GCTD's ACCESS ridership will have increased 65% since FY2011-12.

The premise for the FY 2017-18 budget is 122,000 boardings, an increase from the 113,000 boardings being forecast for FY 2017-18 year end.

Farebox Recovery

As discussed previously, 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 alternatively that the claimant realize a farebox recovery ratio (FBRR) of 20% for fixed route service and 10% for paratransit service. While this standard is intended to promote efficient operations, it has and increasingly will continue to prove difficult to achieve for agencies such as GCTD that operate in “self-help” counties, those that have failed to approve a local transit-specific sales tax.

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 for agencies that have challenges making 20% on farebox alone. 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 14.8% 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 2012-13 to FY 2018-19

Fiscal Year	(1) Fixed Route			(2) Paratransit		(3) Combined	
	<u>Unlinked Passenger Trips</u>	<u>Farebox</u>	<u>Farebox Return</u>	<u>One Way Trips</u>	<u>Farebox</u>	<u>Farebox Return</u>	<u>Farebox Return</u>
FY 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	3,616,386	\$3,733,269 ***	20.9%	102,424	\$545,799 ***	19.2%	20.7%
FY 2017-18 (Projected)	3,500,000	\$4,910,197 ***	25.0%	113,000	\$431,000 ***	16.6%	23.8%
FY 2018-19 (Budgeted)	3,600,000	\$4,225,700 ***	20.0%	122,000	\$514,600 ***	14.8%	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 2017-18 was budgeted at \$20,000. As rates have started to increase this year, actual income will finish somewhat higher. With interest rates steadily rising, the budget for FY 2018-19 is \$36,000.

Other income consists of the sale of miscellaneous surplus property. This is typically unanticipated activity and budgeted in a de minimis fashion. In FY 2018-19 GCTD will be relocating to a new and larger facility and anticipates having an unusually large volume of surplus property. The budget for FY 2017-18 is \$20,000.

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 dropped to about \$150,000 and have remained there for the past three years. The District anticipates advertising revenues of about \$155,000 in FY 2017-18, and the FY 2018-19 budget for Advertising Income is \$160,000.

Medi-Cal Reimbursement – Paratransit

GCTD includes in its revenue budget funds received through Ventura County Public Health 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. GCTD worked with Ventura County Public Health for several years to establish this program, which is going into its sixth year.

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 2018-19 is \$195,000 in revenue for these trip-related reimbursements.

Energy Credit Revenue

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

The District was receiving close to \$350,000 annually in revenue through FY 2016-17. In October 2017 the District was able to renegotiate the final two years of its third-party contract to increase its discount on natural gas purchases and increase the District's portion of the RIN credit sales. The value of both credits being generated are subject to market fluctuation, however GCTD expects to receive close to \$600K in FY 2017-18. For FY 2018-19 the District is budgeting \$646,500 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 reduced GCTD's allocation from \$180,000 to \$210,000 annually to \$140,000 - \$160,000 annually. The California Transit Association (CTA) led an effort to enact a temporary roll-back to the previous process, and AB 1113 was enacted in 2017 to provide a permanent resolution. The outcome distributed Ventura County's transit provider allocation to additional recipients, decreasing GCTD's allocation.

Also in 2017 the Governor signed into law SB 1, increasing a variety of taxes and fees to fund transportation infrastructure projects. A portion of SB1 revenue is distributed to regional transportation planning agencies, such as the Ventura County Transportation Commission (VCTC), and to transit providers using the STA formula. Another portion of

SB1 funds fund the State of Good Repair (SGR) program, which is similarly distributed. GCTD can use SGR funds for preventive maintenance activities.

Last year it was not clear when recipients would begin to receive this additional funding, so these additional funds were not included in the budget. GCTD's FY 2018-19 budget includes the incremental revenue allocated for FY 2017-18 as well as the FY 2018-19 allocation for both STA and SGR. GCTD is budgeting \$440,000 in State Transit Assistance (STA) for FY 2018-19; by comparison, GCTD's STA revenue budget for FY 2017-18 was \$159,000.

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 (including preventive maintenance), 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 2018-19 allocates to GCTD from formula funding \$4,598,316, a 3.8% decrease from the final FY 2017-18 allocation of \$ 4,779,623. Of that amount, \$4,054,527 is allocated under Section 5307 and \$543,789 is allocated under Section 5339. The decrease is primarily the result of VCTC having reinstated its full allocation for countywide transit planning activities after having reduced it in the prior year.

The formula funding in GCTD's FY 2018-19 POP is allocated as follows:

Section 5307

\$ 1,250,000 for Operating Assistance (50% local match)
\$ 918,000 for Paratransit Assistance (20% local match)
\$ 1,330,316 for Preventive Maintenance (20% local match)
\$ 556,211 for GCTD Operations & Administration Facility Bond
Repayment (20% local match)

Section 5339

\$ 543,789 for GCTD Operations & Administration Facility Bond
Bond Repayment (20% local match)

By comparison, GCTD's Section 5307 funding allocation 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, for FY 2015-16 it was \$3,942,691 and for FY 2016-17 it was \$4,779,623.

GCTD will carry \$1.64 million in grant funds for operating budget activities from a prior year allocation into FY 2018-19 and has budgeted to use \$870,857 of that backlog for FY 2018-19 operating activities. The District has carried a 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 2018-19 operating budget GCTD will use FTA Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds for the third full year of a three-year demonstration service serving the Saticoy (Wells Center) and Nyeland Acres corridor. The match requirement for this grant is 11.5%.

The FY 2018-19 POP also includes FTA Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds allocated to Ventura County for two new GCTD projects; \$1,821,046 for a Midlife Bus Refurbishment & Engine Replacement for 14 buses to begin in FY 2018-19, and \$2,436,095 for years 1 and 2 of a planned new bus route serving Ventura Road starting in 2019. The match requirement for these grants is 11.5%.

Table 7 summarizes Federal grant funds in the FY 2018-19 POP and FY 2018-19 GCTD Operating and Debt Service Budgets.

TABLE 7
Gold Coast Transit District
Federal Grant Funds Included in FY 2018-19 Budget and POP

FY2018-19 Program of Projects	<u>Federal</u>	<u>Local</u>	<u>Total</u>
Operating Assistance (50%) - 5307 Formula	\$ 1,250,000	\$ 1,250,000	\$ 2,500,000
ADA Paratransit Service (80%) - 5307 Formula	\$ 918,000	\$ 229,500	\$ 1,147,500
Preventive Maintenance (80%) - 5307 Formula	\$ 1,330,316	\$ 332,579	\$ 1,662,895
GCTD O & M Facility Bond Payment (80%) - 5307 Formula	\$ 389,452	\$ 97,363	\$ 486,815
GCTD O & M Facility Bond Payment (80%) - 5339 Formula	\$ 710,548	\$ 177,637	\$ 888,185
Ventura Road Transit Service - CMAQ (88.5%)	\$ 2,436,095	\$ 315,622	\$ 2,751,717
Midlife Bus Refurbishment & Engine Replacement for 14 Buses - CMAQ (88.5%)	\$ 1,821,046	\$ 235,936	\$ 2,056,982
Subtotal	\$ 8,855,457	\$ 2,638,637	\$ 11,494,094
 Oxnard Urbanized Area - FY 2018/19 Section 5310 / New Freedom Program of Projects			
GCTD Access Direct Service to Camarillo	\$ 81,066	\$ 20,267	\$ 101,333
GCTD Young Adult Mobility Education	\$ 48,000	\$ 12,000	\$ 60,000
TOTAL	\$ 8,984,523	\$ 2,670,904	\$ 11,655,427
 Federal Funds in FY2018-19 Operating Budget			
Operating Assistance (50%) - 5307 Formula (FY2018-19)	\$ 1,250,000	\$ 1,250,000	\$ 2,500,000
ADA Paratransit Service (80%) - 5307 Formula (FY2018-19)	\$ 918,000	\$ 229,500	\$ 1,147,500
Preventive Maintenance (80%) - 5307 Formula (FY2018-19)	\$ 1,330,316	\$ 332,579	\$ 1,662,895
GCTD Access Direct Service to Camarillo - 5310 (FY2018-19)	\$ 45,000	\$ 11,250	\$ 56,250
GCTD Young Adult Mobility Education - 5310 (FY2018-19)	\$ 15,000	\$ 3,750	\$ 18,750
Wells Center/Nyeland Acres Route 22 - CMAQ (88.5%) - Multi-Year Funding	\$ 475,000	\$ 61,723	\$ 536,723
Preventive Maintenance - 5307 (80%) - Prior Year Funding	\$ 870,857	\$ 217,714	\$ 1,088,571
TOTAL	\$ 4,904,173	\$ 2,106,516	\$ 7,010,689
 Federal Funds in FY2018-19 Debt Service Budget			
GCTD O & M Facility Bond Payment (80%) - 5307 Formula	\$ 389,452	\$ 97,363	\$ 486,815
GCTD O & M Facility Bond Payment (80%) - 5339 Formula	\$ 710,548	\$ 177,637	\$ 888,185
TOTAL	\$ 1,100,000	\$ 275,000	\$ 1,375,000

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 2018-19, the full LTF allocation to GCTD is \$15,499,751. Members' claims for recurring transit services costs total \$2,232,026, less \$205,104 in funds allocated to members but not expended in FY 2016-17 per audited financials; these funds are to be returned to GCTD as a credit to the respective members in FY 2018-19. The FY 2018-19 budget allocates an additional \$56,039 in LTF to members for transit capital projects. Net LTF funding available to GCTD is \$13,416,790.

A summary of FY 2018-19 LTF Revenue and funding detail for members' recurring and non-recurring transit services items is shown in Table 8.

TABLE 8
Gold Coast Transit District
LTF Revenue and Members' Transit Services Funding – FY 2018-19

<u>TDA - LTF REVENUE PROJECTIONS</u>		<u>TOTAL</u>	<u>OJAI</u>	<u>OXNARD</u>	<u>PORT HUENEME</u>	<u>VENTURA</u>	<u>VENTURA COUNTY</u>
June 2018 LTF Allocation (Subject to Final VCTC Adoption)		<u>\$15,499,751</u>	<u>\$266,126</u>	<u>\$7,156,507</u>	<u>\$829,292</u>	<u>\$3,856,180</u>	<u>\$3,391,646</u>
<u>FUNDING REQUESTS FOR RECURRING TRANSIT REQUIREMENTS</u>							
Ojai Trolley Operations & Maintenance	Ojai	\$164,000	\$164,000				
OTC Operation & Maintenance / Transit Services	Oxnard	\$481,851		\$481,851			
Operation & Maintenance at VTC /AMTRAK/ MetrolinkStation/ Bus Stops	Ventura	\$227,675				\$227,675	
Recurring Bus Stop Maintenance	Oxnard/P.H.	\$63,500		\$53,500	\$10,000		
County Transit Services Management & Oversight	Ventura County	\$180,000					\$180,000
Transit Service - Heritage Valley	Ventura County	\$300,000					\$300,000
Transit Service - Ojai Trolley	Ventura County	\$210,000					\$210,000
Transit Service - T.O. D-A-R / Unincorporated Area	Ventura County	\$185,000					\$185,000
Transit Service - ECTA D-A-R	Ventura County	\$45,000					\$45,000
Transit Service - Kanan Road Shuttle	Ventura County	\$375,000					\$375,000
TOTAL - RECURRING TRANSIT REQUIREMENTS		<u>\$2,232,026</u>	<u>\$164,000</u>	<u>\$535,351</u>	<u>\$10,000</u>	<u>\$227,675</u>	<u>\$1,295,000</u>
Less: Credit for FY 2016-17 Operating Carryover		<u>(\$179,989)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$10,924)</u>	<u>(\$20,467)</u>	<u>(\$148,598)</u>
Net LTF Funding for FY 2018-19 Recurring Transit Requirements		<u>\$2,052,037</u>	<u>\$164,000</u>	<u>\$535,351</u>	<u>(\$924)</u>	<u>\$207,208</u>	<u>\$1,146,402</u>
<u>REQUESTED MEMBER CAPITAL IMPROVEMENT PROJECTS</u>							
Bus Stop Upgrades	Ventura County	\$0					\$0
New Bus Shelter	Ventura	\$10,000				\$10,000	
Bus Stop Amenities	Port Hueneme	\$26,039			\$26,039		
Automatic Vehicle Annunciators (Expend in FY17-18)	Ojai	\$20,000	\$20,000				
TOTAL CAPITAL IMPROVEMENTS		<u>\$56,039</u>	<u>\$20,000</u>	<u>\$0</u>	<u>\$26,039</u>	<u>\$10,000</u>	<u>\$0</u>
Less: Credit for FY 2016-17 Capital Carryover		<u>(\$25,115)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$25,115)</u>	<u>\$0</u>	<u>\$0</u>
Net LTF Funding for FY 2017-18 Capital Improvement Projects		<u>\$30,924</u>	<u>\$20,000</u>	<u>\$0</u>	<u>\$924</u>	<u>\$10,000</u>	<u>\$0</u>
TOTAL NET MEMBER FUNDING REQUIREMENTS		<u>\$2,082,961</u>	<u>\$184,000</u>	<u>\$535,351</u>	<u>\$0</u>	<u>\$217,208</u>	<u>\$1,146,402</u>
<u>PRIOR YEAR CAPITAL IMPROVEMENT PROJECTS - TIME EXTENSION REQUESTS</u>							
Bus Stop Upgrades from FY16-17- Kanan Shuttle / Ojai Trolley	Ventura County	\$92,000					\$92,000
Reallocate Funds - From: FY17-18 Bus Stop Upgrades To: Voice Annunciator System / Kanan Shuttle Fleet	Ventura County	\$25,000					\$25,000
Reallocate Funds - From: Ventura Rd. & Bard Rd. Bus Stop (\$75,000) To: Route 23 (Ventura Rd.) Bus Stop Improvements	Port Hueneme	\$49,885			\$49,885		
Trolley Washpad and Collection System	Ojai	\$20,000	\$20,000				
Bus Stop Construction & Improvements	Oxnard	\$202,109		\$202,109			
TOTAL CAPITAL PROJECTS FOR TIME EXTENSION (NO ADDITIONAL FUNDS)		<u>\$388,994</u>	<u>\$20,000</u>	<u>\$202,109</u>	<u>\$49,885</u>	<u>\$0</u>	<u>\$117,000</u>
Available LTF Funding for GCTD		<u>\$13,416,790</u>					

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.

For FY 2018-19 GCTD has two payments due for a total of \$1,392,187.50, including principal of \$355,000. In future years GCTD's payments will vary slightly but, in most years, will be between \$1.39M and \$1.4M annually.

With GCTD's existing revenue structure GCTD projects to repay the COPs using primarily Federal grant funds and either LTF or other local funds. Federal guidelines limit the use of Federal funds to 80% of the total cost. GCTD has programmed its FY 2018-19 Federal POP to dedicate \$1.1M in Federal funds to debt repayment, with the remainder being paid using LTF funds.

SOURCES AND USES OF REVENUE

Current year revenue sources total \$25.4 million, including \$15.5 million from LTF, \$5.1 million in Federal grant funds, \$3.1 million in passenger revenues, \$1.3 million in fare support programs and local revenues, and \$.4 million in State funds. GCTD will make use of \$4.6 million in funds from prior year revenues and grants, including \$3.3 million in LTF carryover funds, \$.9 million in federal grant funds and \$.4 million in deferred local revenues.

The uses for just over \$30 million in total revenue are \$26.4 million for the operating budget, \$1.4 million for the debt service budget and \$2.3 million for members' transit requirements.

A summary of Revenue Sources and Uses for the FY 2018-19 Budget is shown in Table 9.

TABLE 9
Gold Coast Transit District
Revenue Sources and Uses – FY 2018-19

(Dollars in Thousands)	<u>Current Year</u> <u>(FY2018-19)</u>	<u>Prior Year</u> <u>Revenue</u>	<u>Total</u>
<u>Revenue Sources</u>			
LTF Revenue - GCTD	\$15,500	\$0	\$15,500
LTF Revenue - GCTD Carryover		\$3,111	\$3,111
LTF Revenue - Member Carryover		\$205	\$205
Federal Revenue	\$5,133	\$871	\$6,004
State Transit Assistance FY17-18	\$440		\$440
LCTOP Fare Support Programs	\$241		\$241
Passenger Fares	\$3,070		\$3,070
Other Local (Non-TDA) Revenue	<u>\$1,057</u>	<u>\$410</u>	<u>\$1,467</u>
Total Revenue Sources	\$25,441	\$4,597	\$30,038
<u>Revenue Uses - FY2018-19</u>			
Operating Budget	\$26,358	\$0	\$26,358
COP Payments	\$1,392	\$0	\$1,392
Member Recurring Transit Requirement	\$2,232	\$0	\$2,232
Member Capital Improvements	<u>\$56</u>	<u>\$0</u>	<u>\$56</u>
Total	\$30,038	\$0	\$30,038

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 is specifically authorized by FTA to use 5307 or 5339 formula funds to make its COP payments.

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. Several years ago FTA eliminated the Section 5309 Bus and Bus Facilities program and replaced it with Section 5339, which provides both formula-based funding and a discretionary competitive grant program.

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.

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 has recently completed its final funding phase. PTMISEA-funded projects do not require a matching funds component.

More recently the State has introduced grant programs such as The Transit and Intercity Rail Capital Program (TIRCP) and The Low Carbon Transit Operations Program (LCTOP) funded by the Greenhouse Gas Reduction Fund (SB862 – 2014 and SB9 – 2015). In 2017 the State passed SB1, which in addition to providing funds for State Transit Assistance (STA) provided additional funds for TIRCP. GCTD currently receives LCTOP funds for eligible programs and anticipates competing for TIRCP program funding.

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.

Local matching funds for Federal grants 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 is allocating resources to make payments for its COP issue, the FY 2018-19 budget does not include a capital reserve contribution. It is anticipated that the capital reserve fund balance will be approximately \$7.6 million on June 30, 2018.

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 new facility construction is well underway; it began on March 27, 2017, a public groundbreaking ceremony was held on May 10, 2017, and the ECD for construction completion is September 26, 2018.

The revised working estimate-at-completion for the facility is \$53 million. GCTD has \$27.6 million in grant funding for this project, including \$16.1 million in Federal grants and nearly \$11.5 million 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 plus earned interest (\$.2M) for the Project Fund (as well as almost \$1.4 million for a required Reserve Fund). The remaining \$3.2 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.

GCTD has a vested interest in deploying the most fuel-efficient fleet in order to achieve the greatest reduction in energy consumption and reduce future maintenance costs. GCTD has already begun making investments that will pave the way for a zero-emission future such as the Near-zero mid-life engine replacement project currently underway.

In June 2018, staff recommended the Board adopt a “Zero & Near-Zero Emissions Vehicle Purchase Policy” in order to prioritize incorporating zero and near-zero technology into its future fleet. This policy demonstrates GCTD’s commitment a zero-emission future and recognizes the potential to greatly reduce emissions by replacing its aging CNG buses with zero & near zero-emission technology as buses reach the end of their useful life.

This capital plan includes incorporating three zero emissions buses into its fleet in FY 18-19. For following years, zero emissions buses will be included following the outcome of the California Air Resources Board’s Innovative Clean Transit rule is expected to be finalized later this year.

The total projected cost for all items on the ten-year capital project plan is \$114.4 million, which includes \$53 million for the new facility project (Table 10), \$7.1 million for other programmed projects for which funding has been identified (Table 11) and \$54.3 million of programmed projects (listed in Table 12) 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 13. A summary of the program appears in Table 14.

TABLE 10
Gold Coast Transit District
New Operations and Administration Facility Funding Program

<u>Description</u>	<u>Federal</u>	<u>State Funds- (PTMISEA/ PROP 1B/</u>	<u>COP Project Fund</u>	<u>Interest on State/COP Funds</u>	<u>Local / Other</u>	<u>Total</u>
Federal 5309 Bus Facilities Grant	\$15,000,000					\$15,000,000
Federal 5307 Formula Grants	\$ 1,075,000					\$ 1,075,000
State PTMISEA Grants		\$ 10,665,170		\$ 47,121		\$10,712,291
State Cal-EMA Safety & Security Grants		\$ 770,300		\$ 829		\$ 771,129
Certificate of Participation (COPs) - Project Fund			\$ 22,012,934	\$ 153,113		\$22,166,046
GCTD Capital Reserve (LTF)	\$ -	\$ -	\$ -	\$ -	\$3,275,533	\$ 3,275,533
TOTAL	\$16,075,000	\$ 11,435,470	\$ 22,012,934	\$ 201,063	\$3,275,533	\$53,000,000

TABLE 11
Gold Coast Transit District
Ten-Year Capital Project Plan – Funded Projects

<u>Description</u>	<u>Funding Type</u>	<u>Federal</u>	<u>State Funds- (PTMISEA/ PROP 1B/ LCTOP)</u>	<u>COP Project Fund</u>	<u>Local / Other</u>	<u>Total</u>
New Operations & Administration Facility	All	\$16,075,000	\$11,483,420	\$22,166,046	\$3,275,533	\$53,000,000
Business Systems Upgrades	Federal 5307	\$198,800			\$49,700	\$248,500
Replace Bus Stop Signs	Federal 5307	\$40,000			\$68,800	\$108,800
Paratransit Dispatch Software	State - PTMISEA		\$213,000			\$213,000
Purchase Remaining Paratransit Vehicles (QTY. = 7)	State PTMISEA		\$420,000			\$420,000
Automatic Vehicle Stop Annunciators / Passenger Information System Upgrades	Local Funds				\$431,500	\$431,500
Five (5) Expansion Buses	Federal CMAQ	\$2,478,840			\$321,160	\$2,800,000
Midlife Engine Replacement and Service Life Extension Project (14 New Flyers)	Federal CMAQ	\$1,821,000	\$0	\$0	\$236,000	\$2,057,000
Electric Bus Charging Capability at New Facility	SBCAG/ State TIRCP Grant	<u>\$0</u>	<u>\$800,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$800,000</u>
TOTAL		\$20,613,640	\$12,916,420	\$22,166,046	\$4,382,693	\$60,078,800

TABLE 12
Gold Coast Transit District
Ten-Year Capital Project Plan – Programmed Projects
(Funding Not Identified)

Project/Item	(Dollars in Thousands)					
	<u>FY2018-19</u>	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>
Paratransit Vehicle - Replacement	FUNDED	\$ -	\$ -	\$ 971.2	\$ 331.0	\$ 882.7
Paratransit Vehicle - Expansion	FUNDED	\$ -	\$ 63.0	\$ -	\$ 66.2	\$ -
Fixed Route Revenue - Replacement w/ Electric	\$ -	\$ 2,550.0	\$ -	\$ -	\$ -	\$ -
Fixed Route Revenue - Replacement	\$ -	\$ -	\$ -	\$ 5,330.7	\$ 4,856.8	\$ -
Fixed Route Revenue - Expansion	FUNDED	\$ -	\$ 1,155.6	\$ 1,184.6	\$ 1,214.2	\$ 1,244.6
Fixed Route Revenue - Refurbishment	FUNDED	\$ 1,305.0	\$ -	\$ -	\$ -	\$ -
Non-Revenue Vehicles - Replacement	\$ 60.0	\$ 246.4	\$ 94.5	\$ 64.6	\$ -	\$ -
Non-Revenue Vehicles - Expansion	\$ -	\$ 30.8	\$ -	\$ -	\$ 33.1	\$ -
Non-Revenue Van - Replacement	\$ -	\$ -	\$ 48.3	\$ -	\$ 50.8	\$ -
Non-Revenue Maintenance - Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56.6
GCTD ERP System Replacement	\$ -	\$ -	\$ 1,200.0	\$ -	\$ -	\$ -
TOTAL	\$ 60.0	\$ 4,132.2	\$ 2,561.4	\$ 7,551.1	\$ 6,552.1	\$ 2,183.9

Project/Item	(Dollars in Thousands)				
	<u>FY2024-25</u>	<u>FY2025-26</u>	<u>FY2026-27</u>	<u>FY2027-28</u>	<u>TOTAL</u>
Paratransit Vehicle - Replacement	\$ -	\$ 71.3	\$ -	\$ 74.9	\$ 2,331.1
Paratransit Vehicle - Expansion	\$ 69.6	\$ -	\$ 73.1	\$ -	\$ 271.9
Fixed Route Revenue - Replacement w/ Electric	\$ -	\$ -	\$ -	\$ -	\$ 2,550.0
Fixed Route Revenue - Replacement	\$ 8,929.2	\$ 5,884.2	\$ 6,030.9	\$ 5,495.2	\$ 36,527.0
Fixed Route Revenue - Expansion	\$ -	\$ 1,961.4	\$ -	\$ 2,060.7	\$ 8,821.1
Fixed Route Revenue - Refurbishment	\$ -	\$ -	\$ -	\$ -	\$ 1,305.0
Non-Revenue Vehicles - Replacement	\$ 34.8	\$ 71.4	\$ 329.4	\$ 112.5	\$ 1,013.6
Non-Revenue Vehicles - Expansion	\$ -	\$ -	\$ 36.6	\$ -	\$ 100.5
Non-Revenue Van - Replacement	\$ 53.3	\$ -	\$ -	\$ -	\$ 152.4
Non-Revenue Maintenance - Replacement	\$ -	\$ -	\$ -	\$ -	\$ 56.6
GCTD ERP System Replacement	\$ -	\$ -	\$ -	\$ -	\$ 1,200.0
TOTAL	\$ 9,086.9	\$ 7,988.3	\$ 6,470.0	\$ 7,743.3	\$ 54,329.2

TABLE 13
Gold Coast Transit District
Ten-Year Capital Project Plan – Programmed Vehicles

<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 Vehicle - Replacement	4			8	5
Paratransit Vehicle - Expansion	1		1		1
Fixed Route Revenue - Replacement w/ Electric		3			
Fixed Route Revenue - Replacement				9	8
Fixed Route Revenue - Expansion	5		2	2	2
Fixed Route Revenue - Refurbishment	14	9			
Non-Revenue Vehicles - Replacement	2	8	3	2	
Non-Revenue Vehicles - Expansion		1			1
Non-Revenue Van - Replacement			1		1
Non-Revenue Maintenance - Replacement					
GCTD ERP System Replacement			1		

<u>Project/Item</u>	<u>FY2023-24</u>	<u>FY2024-25</u>	<u>FY2025-26</u>	<u>FY2026-27</u>	<u>FY2027-28</u>
Paratransit Vehicle - Replacement	13		1		1
Paratransit Vehicle - Expansion		1		1	
Fixed Route Revenue - Replacement w/ Electric					
Fixed Route Revenue - Replacement		14	9	9	8
Fixed Route Revenue - Expansion	2		3		3
Fixed Route Revenue - Refurbishment					
Non-Revenue Vehicles - Replacement		1	2	9	3
Non-Revenue Vehicles - Expansion				1	
Non-Revenue Van - Replacement		1			
Non-Revenue Maintenance - Replacement	1				
GCTD ERP System Replacement					

TABLE 14
Gold Coast Transit District
Ten-Year Capital Project Plan – Summary Table

New Operations & Administration Facility	\$ 53,000,000
Other Funded Projects	\$ 7,078,800
<u>Programmed Projects (Funding NOT Identified)</u>	
FY 2018-19	\$ 60,000
FY 2019-20	\$ 4,132,200
FY 2020-21	\$ 2,561,400
FY 2021-22	\$ 7,551,100
FY 2022-23	\$ 6,552,100
FY 2023-24	\$ 2,183,900
FY 2024-25	\$ 9,086,900
FY 2025-26	\$ 7,988,300
FY 2026-27	\$ 6,470,000
FY 2027-28	\$ 7,743,300
Total - Programmed Projects	\$ 54,329,200
Total - All Projects	<u>\$ 114,408,000</u>
<u>by Project Type</u>	
New Facility	\$ 53,000,000
Bus Major Repair	\$ 3,362,000
New Buses	\$ 50,698,100
Paratransit Vehicles	\$ 3,023,000
Service Vehicles	\$ 1,323,100
New Facility Addition	\$ 800,000
Transit Technology	\$ 431,500
Business Technology	\$ 1,661,500
Other	\$ 108,800
Total - All Projects	<u>\$ 114,408,000</u>
<u>By Funding Status</u>	
Total Required	\$ 114,408,000
Total Funded	\$ 60,078,800
Total Programmed, Not Funded	\$ 54,329,200

Depreciation

Capital assets are depreciated on a straight-line basis over the course of their useful life. For FY18-19, the new Operations and Administration Facility will be added to the fixed asset ledger. Table 11 is the depreciation schedule for FY 2018-19.

TABLE 15
Gold Coast Transit District - Depreciation Schedule
July 1, 2018 to June 30, 2019

<u>Item</u>	<u>FY16-17</u> <u>Budget</u>	<u>FY16-17</u> <u>Actuals</u>	<u>FY17-18</u> <u>Budget</u> <u>(Adjusted)</u>	<u>Proposed</u> <u>Budget</u> <u>FY18-19</u>
Facility	311,250	323,803	58,000	881,000
Buses	2,008,301	2,028,051	2,048,000	2,049,700
Other Vehicles	32,859	41,187	41,200	18,000
Shop Equipment	19,440	19,440	19,000	239,900
Office/Other Equipment	345,213	292,553	243,400	390,300
OTC Improvements	23,300	23,406	23,400	23,400
Intangible Assets	0	0	0	0
Paratransit Revenue Vehicles	327,361	190,740	456,000	492,400
Paratransit Other Equipment	<u>0</u>	<u>0</u>	<u>49,500</u>	<u>25,300</u>
Total Depreciation	<u>\$3,067,724</u>	<u>\$2,919,180</u>	<u>\$2,938,500</u>	<u>\$4,120,000</u>

APPENDIX

A – Operational Unit FY 2018-19 Budgets

TABLE 16
Gold Coast Transit District
Fixed Route Operating Budget
July 1, 2018 to June 30, 2019

<u>FIXED ROUTE</u>	<u>FY16-17 Budget</u>	<u>FY16-17 Actuals</u>	<u>FY17-18 Budget (Adjusted)</u>	<u>Proposed Budget FY18-19</u>	<u>% +/- FY19 vs. FY18</u>
<u>Employees</u>					
Salaries	7,652,800	7,615,450	7,763,900	8,053,500	+3.7%
Health Benefits	1,405,500	1,322,893	1,387,900	1,414,500	+1.9%
WCI	994,500	822,476	896,000	1,064,600	+18.8%
Retirement	1,317,800	990,899	1,365,200	1,497,800	+9.7%
Other Benefits	163,700	139,961	166,300	190,700	+14.7%
Uniforms	57,000	38,842	53,000	54,000	+1.9%
Medical Exams	37,000	39,087	37,000	40,000	+8.1%
Safety & Training	22,500	25,370	22,500	24,500	+8.9%
<u>Service/Supplies - Operational</u>					
Fuel/Lube	647,100	658,041	655,100	590,200	(9.9%)
Tires	100,000	54,139	80,000	80,000	+0.0%
Supplies	7,800	6,859	7,800	6,000	(23.1%)
Maintenance Agreements	7,400	6,656	18,700	27,800	+48.7%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	<u>114,500</u>	<u>104,920</u>	<u>107,900</u>	<u>113,000</u>	+4.7%
TOTAL	<u>\$12,527,600</u>	<u>\$11,825,593</u>	<u>\$12,561,300</u>	<u>\$13,156,600</u>	+4.7%

TABLE 17
Gold Coast Transit District
Maintenance Operating Budget
July 1, 2018 to June 30, 2019

<u>MAINTENANCE</u>	<u>FY16-17</u> <u>Budget</u>	<u>FY16-17</u> <u>Actuals</u>	<u>FY17-18</u> <u>Budget</u> <u>(Adjusted)</u>	<u>Proposed</u> <u>Budget</u> <u>FY18-19</u>	<u>% +/-</u> <u>FY19 vs.</u> <u>FY18</u>
<u>Employees</u>					
Salaries	1,487,600	1,292,746	1,459,000	1,711,000	+17.3%
Health Benefits	210,800	190,131	202,800	264,300	+30.3%
WCI	126,400	104,536	114,700	64,100	(44.1%)
Retirement	258,400	191,492	249,000	321,700	+29.2%
Other Benefits	44,200	30,410	50,200	54,400	+8.4%
Uniforms	20,500	10,746	26,500	22,000	(17.0%)
Medical Exams	6,900	5,368	7,300	7,700	+5.5%
Safety & Training	18,000	7,873	29,000	30,000	+3.4%
Contract Support	10,000	50,722	22,000	115,000	+422.7%
<u>Service/Supplies - Operational</u>					
Fuel/Lubricants	30,000	26,840	31,000	31,500	+1.6%
Tires	75,000	61,594	75,000	75,000	+0.0%
Repair Parts	668,000	549,628	662,000	689,000	+4.1%
CNG Fuel Station	90,000	63,402	100,000	75,000	(25.0%)
Contract Repair	335,400	290,833	327,500	350,100	+6.9%
Supplies	154,300	139,994	157,500	200,000	+27.0%
Warranty Recovery	0	-13,405	0	0	+0.0%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	51,800	43,821	53,000	90,200	+70.2%
Contract Services	<u>51,000</u>	<u>51,093</u>	<u>63,000</u>	<u>325,000</u>	+415.9%
TOTAL	<u>\$3,638,300</u>	<u>\$3,097,823</u>	<u>\$3,629,500</u>	<u>\$4,426,000</u>	+21.9%

TABLE 18
Gold Coast Transit District
Administration Operating Budget
July 1, 2018 to June 30, 2019

<u>ADMINISTRATION</u>	<u>FY16-17</u> <u>Budget</u>	<u>FY16-17</u> <u>Actuals</u>	<u>FY17-18</u> <u>Budget</u> <u>(Adjusted)</u>	<u>Proposed</u> <u>Budget</u> <u>FY18-19</u>	<u>% +/-</u> <u>FY19 vs.</u> <u>FY18</u>
<u>Employees</u>					
Salaries	1,312,000	1,266,042	1,402,600	1,365,000	(2.7%)
Health Benefits	129,700	135,751	155,600	142,100	(8.7%)
WCI	7,000	5,789	5,200	4,500	(13.5%)
Retirement	260,500	207,750	234,300	268,600	+14.6%
Other Benefits	55,500	49,073	53,400	54,400	+1.9%
Uniforms	900	531	900	900	N/A
Medical Exams	1,000	1,185	1,000	1,200	+20.0%
Safety & Training	66,500	48,326	45,000	46,000	+2.2%
Employee Events	0	0	46,200	41,500	N/A
Contract Support	75,000	51,970	67,000	33,500	(50.0%)
<u>Service/Supplies - Support</u>					
Telephones/Utilities	31,500	29,625	32,000	16,500	(48.4%)
Insurance	867,800	788,785	1,022,600	1,116,500	+9.2%
Contract Services	85,300	49,655	64,300	78,500	+22.1%
Supplies	95,500	106,534	106,700	128,400	+20.3%
Legal	57,000	40,481	55,000	71,000	+29.1%
Interest Expense	5,000	6,436	6,000	9,000	N/M
Audit	32,000	30,000	32,000	35,000	+9.4%
Officers & Directors	55,000	44,584	24,500	24,500	+0.0%
Dues	47,700	44,106	47,100	56,000	+18.9%
Total	<u>\$3,184,900</u>	<u>\$2,906,622</u>	<u>\$3,401,400</u>	<u>\$3,493,100</u>	+2.7%

TABLE 19
Gold Coast Transit District
Paratransit/ Planning and Marketing Operating Budget
July 1, 2018 to June 30, 2019

<u>PARATRANSIT / PLANNING AND MARKETING</u>	<u>FY16-17 Budget</u>	<u>FY16-17 Actuals</u>	<u>FY17-18 Budget (Adjusted)</u>	<u>Proposed Budget FY18-19</u>	<u>% +/- FY19 vs. FY18</u>
<u>Employees</u>					
Salaries	740,500	664,457	645,700	760,900	+17.8%
Health Benefits	97,200	99,016	105,500	95,100	(9.9%)
WCI	4,500	3,722	3,900	3,500	(10.3%)
Retirement	136,300	101,743	125,200	139,800	+11.7%
Other Benefits	21,900	15,443	12,500	15,300	+22.4%
Uniforms	1,000	0	1,000	1,000	N/A
Medical Exams	600	735	600	600	+0.0%
Safety & Training	20,000	11,261	21,000	24,500	+16.7%
<u>Service/Supplies - Operational</u>					
Paratransit Service Contract	2,748,300	2,886,939	3,083,200	3,816,200	+23.8%
Fuel/Lubricants	104,600	95,137	99,000	74,600	(24.6%)
Tickets/Schedules	71,000	76,528	70,000	63,000	(10.0%)
Marketing	139,300	64,717	104,500	150,000	+43.5%
Contracts	62,700	54,310	54,000	15,600	(71.1%)
OTC Facilities	15,000	11,966	14,000	14,000	+0.0%
<u>Service/Supplies - Support</u>					
Telephones/Utilities	11,600	5,255	5,100	5,900	+15.7%
Supplies	27,500	11,002	20,500	28,000	+36.6%
Contract Services	<u>70,300</u>	<u>63,246</u>	<u>71,200</u>	<u>66,700</u>	(6.3%)
TOTAL	<u>\$4,272,300</u>	<u>\$4,165,476</u>	<u>\$4,436,900</u>	<u>\$5,274,700</u>	+18.9%
PARATRANSIT	\$3,074,400	\$3,163,880	\$3,388,400	\$4,063,400	+19.9%
PLANNING AND MARKETING	\$1,205,400	\$1,003,028	\$1,056,000	\$1,218,800	+15.4%

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, but will be open for competitive bid during FY18-19.

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).