



Item# 7

DATE: June 3, 2020

TO: Board of Directors

FROM: Michelle Pierret, Acting Director of Finance *MP*
Vanessa Rauschenberger, Director of Planning and Marketing *VR*

SUBJECT: Review and Discuss Draft FY 2020-21 GCTD Operating Budget

I. SUMMARY

This DRAFT FY 2020-21 Operating Budget is a product of collaboration among Departments and is a representation of the priorities of the District for the coming year. The current Proposed Draft FY 2020-21 operating revenue budget is \$28,203,703.

As a result of the economic impact of COVID-19, GCTD's traditional funding sources, passenger fares, state grants from Gas Taxes, Local Transportation Funds (LTF) which typically comprise 80% of GCTD Operating budget are anticipated to be significantly reduced. As a result of this unprecedented economic impact, the Federal government passed the CARES-Act as a one-time "life-line" for the public to continue to provide essential service. As our economy and communities reopen, we are planning for careful use of these funds in order to help us in the event the economic rebound lasts multiple years.

While the economic effects of COVID-19 on our traditional funding sources we rely upon annually have been upended, staff has developed a DRAFT FY 2020-21 budget that is balanced, and prioritizes a strengthening of our ability to provide core services to the community and ensures we are able to sustainably service the community as we solve new challenges.

GOLD COAST TRANSIT DISTRICT

Staff requests feedback from the board, and approval to hold a public hearing on the FY 2020-21 Budget at the July 1st, meeting where the final budget will be brought back for Adoption.

II. BUDGET OVERVIEW

Following is a discussion of the premises for each of the major components of GCTD's proposed FY 2020-21 Operating Budget Revenue and Expenses.

FY 20-21 REVENUE SOURCES

Federal CARES-Act Funds

The CARES-Act provides a one-time allocation of \$13.8 million to GCTD. The FTA considers all expenses normally eligible under the Section 5307 and 5311 programs that are incurred on or after January 20, 2020 to be in response to economic or other conditions caused by COVID-19 eligible under the CARES Act. To cover anticipated funding shortfalls caused by the economic impacts of COVID-19, GCTD anticipates using \$9.5 million in CARES Act Funds in FY 2020-21. Unused CARES ACT funds would be carried over to ensure continuation of essential services in FY 2021-22.

FEMA Funding

GCTD will be seeking FEMA funding for the costs of PPE, Cleaning Supplies, and other eligible costs directly associated with the Emergency Response.

Passenger Fares

In March 2020, to help prevent the spread of COVID-19, GCTD took several actions including enhanced cleaning, distribution of PPE, implementing rear door boarding and discontinuation of fare collection on all services. These measures continue to be in effect. It is estimated that between March 20th and June 30th, 2020, GCTD will forgo collection of nearly \$1 million in passenger fares in order to implement these measures. While a date for restoring fare collection has not yet been set, staff is planning to add additional protection measures such as shields to place between Operators and the farebox before resuming fare collection.

GCTD's passenger fares for FY 2020-21 include an assumption that ridership and onboard fares will be significantly reduced. GCTD also receives fare revenue from VCTC's College Ride Transit Fare Promotion Project (funded by State LCTOP funds) and uses its LCTOP funds to subsidize the Token Transit (digital fare media sales) program. GCTD projects \$2,085,400 in fixed route fare sales, \$252,700 in paratransit fare sales and \$230,000 in LCTOP fare revenue in FY 2020-21.

Local Transportation Funds (LTF)

GCTD receives the full amount of LTF allocated based on its members' population share. For FY 2020-21, the most current estimate (from May 2020) is that GCTD's gross share will be \$11.4 million before allocation to member agencies.

Member agencies may use LTF to fund recurring transit-related activities and transit related capital items in their jurisdictions. Requests are submitted annually and reviewed by the Technical Advisory Committee. GCTD members may request funding for their recurring transit-related activities not to exceed 10% above the members' baseline based on funding for such activities starting in FY 2014-15, adjusted by the annual CPI.

GCTD members have submitted to GCTD requests for \$1,856,239 in LTF funding for their recurring transit-related activities. Members funding for transit-related capital projects. GCTD received \$206,000 in net capital requests for FY 2020-21. Each member will receive their request less amounts not expended from prior years per audited financials. Funding these programs, net of carryover from members' prior year funding and returned capital funds, leaves GCTD with \$9.5 million in FY 2020-21 LTF for use in its Operating Budget. The FY 2020-21 LTF Allocation follows as Attachment "A" to this report.

State Funding

Based on the most current State Controllers estimate, GCTD's State Transit Assistance (STA) budget for FY 2020-21 is \$300,000. The Operating budget also includes \$58,800 in LCTOP funds to provide matching funds for the Ventura Road (Route 23).

Federal Allocation 5307/5339

GCTD's FY 2020-21 Federal transit funding is authorized by the Fixing America's Surface Transportation (FAST) Act 2015 legislation. The FY 2020-21 proposed Program of Projects (POP) from Ventura County's Federal Transit Administration (FTA)

apportionment, as published in May 2020, showed GCTD's allocation for FY 2020-21 is \$5,745,524. Of that amount, \$4,180,504 is Section 5307 funding is eligible for use for certain line items in the FY 2020-21 Budget such as Operating Assistance, Preventive Maintenance, or COP (bond) payments. The amount of \$503,242 is Section 5339 formula funding and may be used for capital projects or GCTD's COP (bond) payments. Additionally, \$954,685 in Federal funds may be programmed for ADA services.

Federal Grants CMAQ

GCTD will be allocating to its FY2020-21 Operating Budget \$1,112,400 in route-specific Federal CMAQ grant funds for the Ventura Road Route (Route 23) scheduled to begin service in FY 2020-21.

Fuel Credits

GCTD has in place since 2014 a contract agreement whereby the District receives a discount on its natural gas 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. GCTD projects receiving over \$525,000 from credit sales in FY 2020-21.

Advertising & Other Revenue

The District's advertising sales revenue rebounded in FY 2018-19. However due to COVID-19, several Advertisers have reduced Ad purchases for the coming year. The proposed FY 2020-21 budget is \$140,000. Other budgeted revenue line items are sale of surplus materials and interest.

FY 20-21 EXPENSES

The FY 2020-21 Expenses are comprised of the following areas. The largest driver of the budget is Operating expenses directly associated with personnel involved in operating service and maintaining our fleet. GCTD continually looks for ways to streamline expenses to ensure we are able to function as a more efficient organization.

Wages & Benefits

Wage and benefit increases, for represented employees are included in the FY 2020-21 Budget. These increases reflect contractual obligations with SEIU and TEAMSTERS. Wage increases for non-represented employees are not planned in this draft budget. These may be added as part of the final budget, subject to Board/ GM approval.

Costs Related to Increased Sick Calls (Overtime)

Costs to cover Bus Operator absences totaled nearly \$500,000 in FY 2019-20. When a bus operator misses work, GCTD is still required to operate the run. Typically, this is done using Extra board operators. However, due to a shortage of operators, and absenteeism, DMV challenges, GCTD expects costs associated with covering shifts which include overtime. In FY 2019-20, GCTD budgeted for 130 bus operators. However, due to attrition GCTD currently has just 118 Operators. Of these 9 are on long term leave, between 15-20 are currently using COVID-19 eligible Sick Leave (80 hrs) and/or 10-weeks of Expanded FMLA allowed under the Families First Coronavirus Relief Act. Eligible leave under this policy is expected to be used until December 2020. The FY 2020-21 Budget plan will require 128 bus operators.

Fixed-Route Service Levels

Since the start of the COVID-19 Stay at Home Orders took effect, service levels were reduced to modified Sunday levels, which reflected a -60% to -70% decrease in ridership and fluctuations in staff availability. As the county reopens and ridership increases, GCTD will utilize additional operators as standby to run peak shuttle trips during peak times to help alleviate loads and gradually restore service on routes. Restoration of service levels to pre-COVID19 levels will take place gradually as our workforce returns and the county resumes functions.

Service levels planned for FY 2020-21 includes 188,000 in planned Revenue Hours. This reflects a decrease from FY 2019-20 budget which was 195,000 planned revenue hours. However, due to the reduced service implemented in March 2020, planned FY 2020-21 actual revenue hours will be increased over FY 2019-20 actuals. Planned service changes may change in the event of unforeseen factors, such as re-emergence of COVID-19 in the Fall, changes in stay at home orders, school and college schedule changes, and Operator availability.

Service Levels included in the Draft FY 20-21 Budget include:

- Restoration of service frequency to full levels on core Routes 1, 6, 17, 21(in July)
- Residential non-core routes continuing to operate as at reduced span of service
- Addition of the Ventura Road (Rt 23) (Subsidized by Federal and State grant funds)
- Rt 3/9 restructuring (routes in South Oxnard restructured connected to new route)
- Rt 1 Bus stop consolidation to improve speeds on core route
- Restoration of service frequency to full levels on core Routes 11(January)

ADA & Senior Paratransit/Demand Response

The 2019-20 actual GCTD Paratransit Services contract is projected to be approximately \$550,000 lower than the FY 2019-20 budget: primarily due to lower ridership. GCTD, since March, has partnered to provide meal delivery service working with Area Agency on Aging to provide this using an exemption from the FTA, which has allowed us to provide this under emergency authorization. GCTD's paratransit contract includes the flexibility to continue to provide this service as needed, as well as other services such as microtransit service in the future.

Cleaner/Janitorial & Support Staff Additions

The COVID-19 public health emergency has highlighted the need for enhancing and ensuring a higher standard of cleaning and disinfecting. They also highlighted a need to ensure core functional areas have some depth in order to ensure continuity of operations.

GCTD is proposing the discontinuation of outside Janitorial contract services and transition resources to hire five "Cleaner/Janitor" positions. These positions would ensure continuation of enhanced cleaning and disinfecting of GCTD buses, in-route cleaning, and cleaning GCTD facilities. By bringing these positions inhouse, it provides GCTD greater ability to provide oversight as well as creates a pathway for entry level jobs in our Operations and Maintenance Department. In addition, four support staff positions in Payroll, Accounting, Information Technology and Paratransit are planned. These will support current single-employee functions while enabling knowledge sharing, thereby ensuring continuity of the function in these core areas.

Salary savings from senior level staff retirements, and other staff alignments at the senior level are used to offset support staff additions. Grant funding will be used to partially offset the costs of Janitorial and cleaning costs and will be covered with CARES-ACT.

Debt Service

In March 2017 GCTD issued 30-year Certificates of Participation (COPs) to raise \$22,000,000 required to complete funding to construct the new GCTD Operations and Administration Facility in North Oxnard. The District realized capital funding in the amount of \$22,012,934 for the Project Fund and \$1,385,750 for the Reserve Fund. GCTD has been making debt obligation payments since 2017. In FY 2019-20 GCTD will require interest and principal payments totaling \$1,394,438.

The District anticipates having adequate dedicated Federal funding and matching local funds to meet its debt obligation in June 2020 and through the end of FY 2020-21.

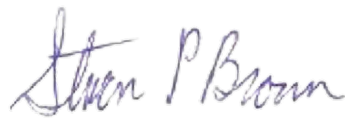
III. CAPITAL PLAN

GCTD's 10-Year Capital Plan will be included in the final budget report. The major funded capital plan items included in the Capital Budget include projects that have grant funding identified and are planned to be purchased in next year. See Attachment C for a listing of Draft Funded Capital Projects.

IV. RECOMMENDATION

Staff will continue to review and refine the operating budget in the coming weeks as more information is known. It is recommended that the Board of Directors receive and provide feedback on GCTD's Draft FY2020-21 Budget and authorize staff to Post a Notice of Public Hearing to be held at the July 1st Meeting.

General Manager's Concurrence



Steven P. Brown
General Manager

Attachments

- A. Draft LTF Allocation to Member Jurisdictions*
- B. Draft FY 2020-21 Operating Budget by Category*
- C. Draft Funded Capital Projects*

Attachment A

Draft FY 2020-21 LTF Allocation to Member Jurisdictions

<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>
May 2020 Preliminary LTF Allocation (Subject to Final VCTC Adoption - June 2020)		\$11,400,000	\$193,132	\$5,312,765	\$583,204	\$2,794,181	\$2,516,718
<u>FUNDING REQUESTS FOR RECURRING TRANSIT REQUIREMENTS</u>							
Ojai Trolley Operations & Maintenance	Ojai	\$124,666	\$124,666				
OTC Operation & Maintenance / Transit Services	Oxnard	\$450,000		\$450,000			
OTC Operation & Maintenance / Transit Services: Assistant Public Works Director & Administration	Oxnard						
Operation & Maintenance at VTC /AMTRAK/ MetrolinkStation/ Bus Stops	Ventura	\$271,978				\$271,978	
Recurring Bus Stop Maintenance	Oxnard / V.C.	\$85,000		\$60,000			\$25,000
County Transit Services Management & Oversight	Ventura County	\$195,000					\$195,000
Transit Service - Heritage Valley	Ventura County	\$40,595					\$40,595
Transit Service - Ojai Trolley	Ventura County	\$220,000					\$220,000
Transit Service - T.O. D-A-R / Unincorporated Area	Ventura County	\$110,000					\$110,000
Transit Service - ECTA D-A-R	Ventura County	\$37,000					\$37,000
Transit Service - Kanan Road Shuttle	Ventura County	\$322,000					\$322,000
TOTAL - RECURRING TRANSIT REQUIREMENTS		\$1,856,239	\$124,666	\$510,000	\$0	\$271,978	\$949,595
Less: Credit for FY 2018-19 Operating Carryover		<u>(\$250,193)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$250,193)</u>
Net LTF Funding for FY 2020-21 Recurring Transit Requirements		\$1,606,046	\$124,666	\$510,000	\$0	\$271,978	\$699,402
<u>REQUESTED MEMBER CAPITAL IMPROVEMENT PROJECTS</u>		<u>TOTAL</u>	<u>OJAI</u>	<u>OXNARD</u>	<u>PORT HUENEME</u>	<u>VENTURA</u>	<u>VENTURA COUNTY</u>
Ten Bus Benches	Ventura	\$6,000				\$6,000	
Bus Stop Benches and Shelters	Oxnard	\$200,000		\$200,000			
Install/Upgrade Bus Stops	Ventura County						
Route 22 Bus Stops	Ventura County						
Automatic Voice Annunciator System - Kanan Shuttle Fleet	Ventura County						
TOTAL CAPITAL IMPROVEMENTS		\$206,000	\$0	\$200,000	\$0	\$6,000	\$0
Less: Credit for FY 2018-19 (and earlier) Capital Carryover		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net LTF Funding for FY 2020-21 Capital Improvement Projects		\$206,000	\$0	\$200,000	\$0	\$6,000	\$0
Available LTF Funding for GCTD Operations		\$9,587,954					
<u>PRIOR YEAR CAPITAL IMPROVEMENT PROJECTS - TIME EXTENSION REQUESTS</u>							
Oxnard Transit Center Capital Improvements (FY2014-15)	Oxnard			\$205,550			
Oxnard Transit Center Capital Improvements (FY2018-19)	Oxnard			\$188,620			
Bus Stop Enhancement Projects (FY2018-19 and earlier)	Port Hueneeme				\$107,120		
Upgrade Bus Stops and Shelters (FY2017-18)	Ventura County						\$126,092
Route 22 Bus Stops Local Match (FY2017-18)	Ventura County						\$23,413
Automatic AVA System - Kanan Shuttle (FY2017-18)	Ventura County						\$29,000
Sound Wall Protection Devices @ Trolley Parking Area (FY 2018-19 and earlier)	Ojai		\$7,948				
TOTAL CAPITAL PROJECTS FOR TIME EXTENSION (NO ADDITIONAL		\$0	\$7,948	\$394,170	\$107,120	\$0	\$178,505

Attachment B

Draft FY 2020-21 Operating Budget by Category

Gold Coast Transit District
Operating Budget (Draft)
July 1, 2020 to June 30, 2021

<u>Operating Revenues</u>	<u>FY18-19 Budget</u>	<u>FY18-19 Actuals</u>	<u>FY19-20 Budget</u>	<u>Proposed Budget FY20-21</u>	<u>% +/- FY21 vs. FY20</u>
<u>FARES</u>					
Passenger Fares-Fixed Route	\$2,749,900	\$2,587,393	\$2,657,000	\$2,085,400	(21.5%)
Passenger Fares-Paratransit	\$319,600	\$364,212	\$335,100	\$252,700	(24.6%)
Special Transit Fares (FR) - Member Gov'ts	\$410,000	\$230,000	\$360,000	\$0	(100.0%)
LCTOP Fare Support Programs	\$241,500	\$336,173	\$258,000	\$230,000	(10.9%)
Medi-Cal Reimbursement / Paratransit	\$195,000	\$175,440	\$263,500	\$0	(100.0%)
<u>FEDERAL FUNDS</u>					
Operating Assistance-Federal	\$1,250,000	\$1,100,000	\$1,750,000	\$1,650,000	(5.7%)
Preventive Maintenance-Federal	\$2,201,173	\$2,031,173	\$2,792,168	\$1,735,000	(37.9%)
Paratransit Assistance-Federal	\$918,000	\$768,000	\$1,225,534	\$945,000	(22.9%)
CARES Act Operating Assistance-Federal	\$0	\$0	\$0	\$6,956,349	+100.0%
CARES Act Preventative Maintenance-Fede	\$0	\$0	\$0	\$1,000,000	+100.0%
CARES Act ADA Assistance-Federal	\$0	\$0	\$0	\$1,500,000	+100.0%
Mobility Grants - Federal	\$60,000	\$0	\$60,000	\$80,000	+33.3%
Demo Project - Ventura Road Route 23	\$0	\$0	\$450,000	\$1,112,400	+147.2%
Demo Project - Wells Center/Nyeland Acres	\$475,000	\$441,830	\$0	\$0	N/A
<u>STATE FUNDS</u>					
Operating Assistance-Local (LTF)	\$16,235,227	\$15,384,232	\$15,721,098	\$9,587,954	(39.0%)
Operating Assistance-State	\$440,000	\$373,069	\$352,000	\$300,000	(14.8%)
LCTOP Support for Route 23	\$0	\$0	\$58,800	\$58,800	+0.0%
<u>LOCAL/OTHER REVENUE</u>					
Advertising Income	\$160,000	\$210,949	\$230,000	\$140,000	(39.1%)
Energy Credit Revenue	\$646,500	\$659,580	\$495,700	\$525,100	+5.9%
Other	\$56,000	\$54,790	\$45,000	\$45,000	+0.0%
TOTAL	<u>\$26,357,900</u>	<u>\$24,716,841</u>	<u>\$27,053,900</u>	<u>\$28,203,703</u>	+4.3%
<u>Operating Expenses</u>					
	<u>FY18-19 Budget</u>	<u>FY18-19 Actuals</u>	<u>FY19-20 Budget</u>	<u>Proposed Budget FY20-21</u>	<u>% +/- FY21 vs. FY20</u>
<u>FUNCTIONAL CATEGORIES</u>					
Employee Support	\$ 17,928,200	\$ 17,750,472	\$ 18,547,900	\$ 19,289,916	+4.0%
Service/Supplies - Operational	\$ 6,422,700	\$ 5,388,148	\$ 6,471,800	\$ 6,599,690	+2.0%
Service/Supplies - Support	\$ 2,007,000	\$ 1,578,221	\$ 2,034,200	\$ 2,314,097	+13.8%
TOTAL	<u>\$26,357,900</u>	<u>\$24,716,841</u>	<u>\$27,053,900</u>	<u>\$28,203,703</u>	+4.3%
<u>DEPARTMENT CATEGORIES</u>					
Fixed Route	\$ 13,156,600	\$ 13,449,775	\$ 13,579,700	\$ 13,930,000	+2.6%
Paratransit	\$ 4,063,400	\$ 3,650,310	\$ 3,948,100	\$ 4,043,800	+2.4%
Maintenance	\$ 4,426,000	\$ 3,198,285	\$ 4,487,600	\$ 4,867,168	+8.5%
Administration	\$ 3,493,100	\$ 3,319,551	\$ 3,806,000	\$ 4,088,615	+7.4%
Planning and Marketing	\$ 1,218,800	\$ 1,098,920	\$ 1,232,500	\$ 1,274,120	+3.4%
TOTAL	<u>\$26,357,900</u>	<u>\$24,716,841</u>	<u>\$27,053,900</u>	<u>\$28,203,703</u>	+4.3%
Total Fixed Route	\$22,294,500	\$21,066,531	\$23,105,800	\$24,159,903	+4.6%
Total Paratransit	\$4,063,400	\$3,650,310	\$3,948,100	\$4,043,800	+2.4%

Attachment C
Draft Funded Capital Projects

CAPITAL PROJECTS FY 2020-2022 (FUNDED)

Description	Federal	State	Local Match	Total	Completion Year
Replacement Fixed Route Bus (CNG) - GILLIG	\$ 2,478,840		\$ 321,160	\$ 2,800,000	2020-21
Expansion Demand Response - Microtransit		\$ 40,000		\$ 40,000	2020-21
Supervisor Van		\$ 130,400		\$ 130,400	2020-21
Replacement Camera Systems	\$ 150,000			\$ 150,000	2020-22
Website Redesign	\$ 64,000		\$ 16,000	\$ 80,000	2020-21
On Demand Software (Microtransit)		\$ 25,000		\$ 25,000	2020-21
Business Systems Upgrades (ERP, Payroll, Planning)	\$ 1,130,000			\$ 1,130,000	2020-2022
TOTAL	\$ 3,822,840	\$ 195,400	\$ 337,160	\$ 4,355,400	