



Meeting Date: 05 / 15 / 07

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Martin R. Erickson Agenda Item No. 0-1
 Reviewed By: City Manager [Signature] City Attorney [Signature] Finance SW Other (Specify) _____

DATE: May 8, 2007

TO: City Council

FROM: Martin R. Erickson, Legislative Affairs Manager
City Manager's Office [Signature]

SUBJECT: South Coast Area Transit (SCAT) FY 2007/08 Capital and Operating Budget and Revisions to SCAT Joint Powers Agreement (JPA).

RECOMMENDATION

That City Council:

1. Support the SCAT Fiscal Year (FY) 2006/07 proposed capital and operating budget in an amount not to exceed \$3,987,397 for fixed route service, senior and disabled paratransit service, and the capital program.
2. Authorize the following changes to SCAT JPA: Change the name of the transit agency to Gold Coast Transit; provide a pricing policy for express bus service that ensures only benefiting members will pay for it; stipulate that SCAT members may at their discretion pay for transit service with non-Transportation Development Act (TDA) revenue; change the date of the JPA; bring language pertaining to personnel into agreement with the SCAT Personnel Rules; redefine Board Officer terms to run for a calendar year versus a fiscal year; make the August Board meeting optional rather than mandatory; allow 120 rather than 90 days to perform the annual financial audit and issue the audit report.

DISCUSSION

South Coast Area Transit (SCAT) is the public transit provider for western Ventura County. SCAT is a Joint Powers Agency (JPA) with five members: City of Oxnard, City of Ventura, City of Ojai, City of Port Hueneme and the County of Ventura.

SCAT's budget responds to a challenging environment for public transit and makes positive steps toward future improvements. Some of the highlights are listed below:

000037

- SCAT's overall operating budget for FY 07/08 is \$14,892,200, an increase of 6.3% from the FY 06/07 budget (\$14,008,700).
- Oxnard's anticipated FY 2007/2008 Transportation Development Act (TDA) contribution to SCAT is \$3,987,397, an increase of 2.56% over last year's request.
- The budget before City Council includes service improvements that will continue upon the improvements made last year to make service faster and serve to attract new riders.
- SCAT's overall ridership is up nearly 10% for the calendar year, a positive change based on the improved service and rising gasoline prices.

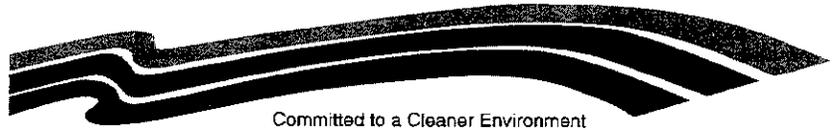
A significant change for SCAT is the name change to Gold Coast Transit (GCT), approved by the SCAT Board in March, 2007 and before Council tonight for consideration as a revision to the JPA. This name change is part of a comprehensive image and marketing campaign aimed at improving SCAT's existing service and image, and attracting new riders to SCAT.

Fortunately, ridership is increasing due to a combination of the service changes made last year as well as riders choosing transit due to high gas prices. However, while ridership is improving, SCAT continues to hover near the State-mandated TDA farebox recovery requirement of 20%. Therefore, one of the changes proposed to the SCAT JPA is allowing member agencies to allocate non-TDA funds to SCAT. This would provide benefits to both the member agency (the City) and to SCAT. For the City, it could free up TDA monies to be used for additional purposes and open up the option of conditioning future developments to pay for specified transit services. For SCAT, receiving non TDA revenues will help them exceed the 20% farebox requirement as it pertains only to TDA revenues. SCAT is requesting \$135,000 of non-TDA funds for FY 07/08, and City staff has identified Air-pollution-buy-down funding as the source for this non-TDA revenue as it must be spent on activities linked to reducing air-pollution, such as transit.

FINANCIAL IMPACT

The City of Oxnard has historically funded SCAT with its apportionment of Transportation Development Act (TDA) funds. Draft FY 2007/08 estimates reflect approximately \$7,234,001 for Oxnard's apportionment of TDA revenue. Because TDA funds are primarily intended for transit needs, staff projects adequate revenue to fund SCAT at the proposed amount of \$3,987,397. City staff will incorporate \$135,000 of Air-pollution-buy-down funds in the City's FY 07-09 budget process for SCAT's FY 07/08 as the non-TDA revenue for SCAT.

Attachment #1 SCAT FY 2007/08 Draft Budget and Financial Plan (Excerpts)



April 26, 2007

TO: Board of Directors

FROM: Steve L. Rosenberg
Director of Administrative Services

SUBJECT: Receive Preliminary FY2007-08 Operating Budget

Attached is the preliminary FY2007-08 SCAT operating budget. We anticipate that our estimated Workers' Compensation premium for the new fiscal year may still be revised.

The preliminary operating budget for FY07-08 is \$14,892,200. Budget highlights are as follows:

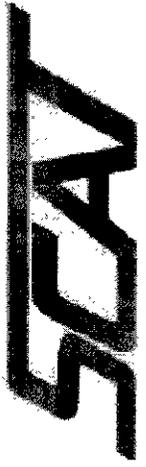
- The proposed operating budget is an increase of 6.3% from the FY06-07 budget. The increases are primarily in employee wages and employee benefits (additional operators, two new positions, and an increase in employer contributions to the CalPERS retirement system), workers compensation and general liability insurances, and increased electrical usage associated with the new fueling station.
- The net member contribution is 4.56% higher than in FY06-07. Operating expenses and the recommended capital reserve allocation have increased, but members will be credited with a large carryover from FY05-06 and will benefit from increased federal assistance.
- The new fixed route service package has been incorporated, beginning October 7, 2007: Service improvements include three commuter express services (OTC-VTC, Ojai – County Government Center, OTC/Ojai), two-way service on routes 10-11, longer weekend hours, and new service on selected holidays. Service data (miles, hours) is still being finalized, but the preliminary data is close.
- The paratransit service budget will decrease 3.1% from the FY06-07 budget. The demand for paratransit service in FY06-07 has been lower than projected. The forecast for FY07-08 reflects an 8% increase over the FY06-07 trend, but is still lower than FY06-07 budget projections.

000039

- Creation of an additional transit supervisor position. This position will support an increased emphasis on operator training. We anticipate substantial operator turnover this year as a result of our enhanced retirement benefits. With a large number of less experienced operators, the need for a higher level of training will be critical.
- Creation of a building maintenance worker position. This position is required to respond to the increasing demands of an aging facility. This work is currently being done by a combination of mechanics, service workers and contract personnel, with the emphasis on reacting to incidents. Adding this position will allow for implementation of a proactive program.
- Fuel budget is lower as costs continue to be uncertain. Despite increased miles in FY07-08, our budget is 19.6% under from the FY06-07 budget. CNG fuel cost is budgeted at \$.95 per therm, down from the FY06-07 assumption of \$1.05, but higher than our experienced rate so far this year. A federal tax rebate of \$.50 per GGE (approximately 1.25 therms) is included in our budget.
- Contribution for the CalPERS retirement fund will increase. SCAT's required contributions will increase from 7% for the employee portion and 8.30% for the employer portion to 8% for the employee portion and 13.72% for the employer portion, to fund the change from 2% at 55 to 2.7% at 55, effective November 1, 2007.
- The systemwide farebox recovery ratio is currently projected at 19.33%. California regulations require that a transit service claimant for Transportation Development Act (TDA) funds have a systemwide ratio of fare revenues to operating cost of at least 20%. SCAT will be requesting non-TDA funds in the form of route guarantees to address this issue. Route guarantees totaling \$250,000 would raise our farebox ratio to 21%; split proportionally between Oxnard and Ventura, this would come out to approximately \$135,000 for Oxnard and \$115,000 for Ventura.
- Major capital projects for implementation during FY07-08 include replacement of paratransit vehicles, completion of the new CNG fuel station and upgrading our information systems. Additionally, we plan to initiate a facility master planning effort this year, and have for the first time included acquisition of a new site and construction of a new operating facility into the ten-year capital projects plan. Following a major bus purchase in FY06-07, this level of effort will substantiate a higher capital reserve contribution for FY07-08 than was previously forecast.

The attached presentation outlines details for the preliminary budget and funding request.

000040



South Coast Area Transit



Committed to a Cleaner Environment

FY07-08 Preliminary Budget Review

Board of Directors

May 2, 2007

000041



Preliminary Budget Review PROCESS

- ***Internal Budget Development & Review – January - March***
- ***First TAC Overview & Discussion – March 14th***
- ***TAC Review & Recommendation – April 11th***
- ***Budget Committee Review & Recommendation – April 23rd***

000042



Preliminary Budget Review OVERVIEW

- **SCAT Operating Budget for FY07-08 is \$14,892,200**
 - **An Increase of 6.3% from the FY06-07 Budget (\$14,008,700)**
 - **Primary Areas of Increase are Wages, Benefits (CalPERS Increase), Workers' Comp and General Liability Insurance, and Electrical Usage Increase Associated with the new Fueling Station**
- **Capital Projects Plan Includes New Site & Operating Facility**
 - **Average Annual Matching Funds Requirement Over Next Twelve Years - \$1.2M**
 - **Budget Committee Recommends Allocating \$1.2M to Capital Reserve in FY07-08**
 - **Net Member Allocation for FY07-08 - \$8,498,484 (+4.56%)**

000043



Preliminary Budget Review OVERVIEW

- **New Fixed Route Service Package Begins October 7, 2007**
 - **Three Commuter Express Services**
 - **Two-way service on Routes 10-11**
 - **Longer Weekend Hours & Service on Selected Holidays**
- **Paratransit Service Budget Decreases 3.1%**
- **Additional Positions:**
 - **Transit Supervisor**
 - **Building Maintenance Worker**

000044



Preliminary Budget Review OVERVIEW

- CNG Budgeted at \$.95 / Therm
- Higher than Today's Price, Lower than FY06-07 Budgeted Price
- Budget Item Offset by Federal Tax Rebate
- CalPERS Contribution increase from 15.3% to 21.72% for 2.7% @ 55
- Current Farebox Recovery Ratio Projection: 19.33%

000045



Preliminary Budget Review ISSUES

Current Farebox Recovery Ratio Projection is 19.33%

- SCAT is Requesting Non-TDA funds / Route Guarantees
- \$250,000 in Route Guarantee Funds would take us to 21%
- Proportional Contribution would be:

- Oxnard \$135K
- Ventura \$115K

000046



Preliminary Budget Review

Proposed Member Net Cost Allocation for FY07-08

<u>Member Agency</u>	<u>Gross - Member Allocation for FY07-08</u>	<u>FY07-08 Vote Weight</u>	<u>LESS - Credit for FY05-06 Carryover</u>	<u>Net - Member Allocation for FY07-08</u>
Ojai	\$163,559	1.76%	(\$13,004)	\$150,555
Oxnard	\$4,375,563	46.96%	(\$388,166)	\$3,987,397
Port Hueneme	\$279,710	3.00%	(\$26,256)	\$253,454
San Buenaventura	\$3,352,901	35.99%	(\$301,583)	\$3,051,318
County of Ventura	\$1,145,670	12.30%	(\$89,910)	\$1,055,760
	\$9,317,403	100.00%	(\$818,919)	\$8,498,484
FY06-07	\$8,358,805		(\$230,790)	\$8,128,015

000047



Preliminary Budget Review

Net Cost Allocation, FY07-08 vs. FY 06-07, by Member

<u>Member Agency</u>	<u>Net - Member Allocation for FY07-08</u>	<u>Net - Member Allocation for FY06-07</u>	<u>Increase / (Decrease)</u>	<u>Incr %</u>
Ojai	\$150,555	\$126,632	\$23,923	18.89%
Oxnard	\$3,987,397	\$3,887,785	\$99,612	2.56%
Port Hueneme	\$253,454	\$270,692	(\$17,238)	-6.37%
San Buenaventura	\$3,051,318	\$2,940,307	\$111,011	3.78%
County of Ventura	\$1,055,760	\$902,599	\$153,161	16.97%
	\$8,498,484	\$8,128,015	\$370,469	4.56%

000048