



Meeting Date: 05 / 13 / 08

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

Prepared By: Martin R. Erickson Agenda Item No. I-4

Reviewed By: City Manager _____ City Attorney [Signature] Finance _____ Other (Specify) _____

DATE: May 5, 2008

TO: City Council

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

SUBJECT: Gold Coast Transit (GCT) FY 2008/09 Capital and Operating Budget

RECOMMENDATION

That City Council support the GCT Fiscal Year (FY) 2008/09 proposed capital and operating budget in an amount not to exceed \$4,154,439 for fixed route service, senior and disabled paratransit service, and the capital program.

DISCUSSION

Gold Coast Transit (GCT) is the public transit provider for western Ventura County. GCT 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.

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

- GCT's overall preliminary operating budget for FY 08/09 is \$16,174,300, an increase of 8.6% from the FY 07/08 budget (\$14,892,200), largely due to increased fuel costs.
- Oxnard's anticipated FY 2008/2009 Transportation Development Act (TDA) contribution to GCT is \$4,154,439, an increase of 4.19% over last year's request.
- The budget before City Council is constrained in light of the challenging fiscal environment, representing a modest increase despite rapidly increasing fuel costs.
- GCT's overall ridership is holding steady, but has been affected by the downturn in the economy. February and March ridership however, have shown increases.

A significant challenge for GCT is the rise in fuel costs. The preliminary budget for fueling the fixed route and transit fleets with Compressed Natural Gas (CNG) in FY 2008/09 is \$1,017,600, a 46.6% increase from FY 2007/08.

Fortunately, ridership is holding steady despite the downturn in the economy, which affects "transit dependent" riders to a greater degree than "choice" riders. The attractiveness of transit is 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, GCT continues to hover near the State-mandated TDA farebox recovery requirement of 20%. One of the changes approved to the GCT JPA last year allows member agencies to allocate non-TDA funds to GCT. This provides benefits to both the member agency (the City) and to GCT. For the City, it frees up TDA monies to be used for additional purposes and opens up the option of conditioning future developments to pay for specified transit services. For GCT, receiving non TDA revenues will help them exceed the 20% farebox requirement as it pertains only to TDA revenues. GCT is requesting \$171,000 of non-TDA funds for FY 08/09, 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 GCT with its apportionment of Transportation Development Act (TDA) funds. Because TDA funds are primarily intended for transit needs, staff projects adequate revenue to fund GCT at the proposed amount of \$4,154,439. City staff will incorporate \$171,000 of air-pollution-buy-down funds into the FY 08/09 TDA claim when it is submitted to City Council in October, 2008.

Attachment #1 GCT FY 2008/09 Draft Budget and Financial Plan (Excerpts)



May 1, 2008

TO: Board of Directors

FROM: Steve L. Rosenberg 
Director of Administrative Services

SUBJECT: Consider Report and Presentation on Draft Budget for FY 2008-09, Provide Direction to Staff and Authorize a Public Hearing for June 4, 2008

Attached is the preliminary FY 2008-09 Gold Coast Transit operating budget. The preliminary operating budget for FY 2008-09 is \$16,174,300, an 8.6% increase from the FY 2007-08 budget. The largest contributing factors to this increase are a steep increase in the market price for the natural gas that fuels our fleet and replacement of our expired five-year-old paratransit service contract.

Budget highlights are as follows:

- Substantial increase in fuel costs - The preliminary budget for fueling the fixed route and paratransit fleets with compressed natural gas (CNG) in FY 2008-09 is \$1,017,600, a 46.6% increase from FY 2007-08. The unit price used to calculate the FY2008-09 budget is \$1.20 per therm; last year's budget premise was \$.95 per therm. The April 2008 price for natural gas from Southern California Gas was \$1.07, up from \$.67 in just six months. GCT qualifies for a \$.50 per GGE (equals approximately \$.40 per therm) federal excise tax credit, which is calculated into this budget amount. The credit is a fixed unit amount, making the year-to-year percentage increase of the remaining cost higher. It should be noted that the federal excise tax credit is set to expire on September 30, 2009, and its extension is uncertain. The budgeted reduction from this credit in FY 2008-09 is \$469,900; this represents a very real concern for next year's financial outlook.

On April 22, 2008 staff presented the preliminary budget to Board Budget Committee members Chair Bill Fulton and Director Joe DeVito. Following the Budget Committee's review, staff received May 2008 pricing data from Southern California Gas. CNG prices increased 11.8% in one month, to \$1.1966 per therm. Staff recommends the Board consider directing that the final proposed CNG fuel budget be based on \$1.30 per therm, which would result in a budget increase of \$117,500. The revised budget would be

\$16,291,800, a 9.4% increase from the FY 2007-08 budget. Staff further recommends the Board consider directing that this increase be funded from amounts currently budgeted to be applied to the FY 2008-09 capital reserve contribution. **This would allow for an increase to the operating budget to cover the steep increase in fuel cost without any additional increase to member contributions.**

Building the capital reserve is crucial to funding GCT's future, however, so staff proposes the first \$117,500 of operating budget surplus at the end of FY 2008-09, if any, be transferred back to the capital reserve contribution, making it whole.

- Increased costs for paratransit operations - The budget for paratransit services in FY 2008-09 is \$2,337,300, a 27.4% increase from FY2007-08. Last year's costs were unusually low. Adjusted for inflation, the increase from the FY 2006-07 budget is 16%. This increase was expected. GCT's previous paratransit services contract with Laidlaw Transportation Services (now a division of First Transit) expires June 30, 2008, and it was understood that GCT's current pricing was well below the current market and not profitable for the contractor. In April 2008 the Board approved a five-year contract to MV Transportation. First-year pricing for this contract is \$463K (29%) higher than the final year of the current contract.
- Electrical Compression for new CNG Facility - The new CNG station is scheduled to come on line in the summer of 2008. The compressors for the new station run on electricity, as opposed to the current compressors which run on natural gas. Electric compressors are more reliable and less expensive to maintain. The power to operate the existing compressors has been part of the CNG budget, now it will be separately budgeted. At the FY 2008-09 budgeted unit cost, CNG compression would have added another \$115,000 to the CNG budget. Electrical compression is budgeted at \$151,200.
- Service Increase - Staff has proposed and the Technical Advisory Committee (TAC) has supported additional weekend service on Routes 4A, 5, 7 and 9, as well as a service change for Route 16, realigning it to run on Thompson Blvd. rather than Main St., in downtown Ventura.
- Increased CalPERS Contribution - GCT'S required CalPERS contribution increased to fund the change from 2% at 55 to 2.7% at 55, effective November 1, 2007. Although the contribution percentage dropped slightly from FY 2007-08 to FY 2008-09, this will be the first full year at the increased contribution level.

- Additional Maintenance Materials Specialist position – This position is responsible for all parts, inventory and warranty activities. GCT has been trying to manage this function with one person, and the workload has made it increasingly difficult to keep up. The incumbent does a good job but requires overtime to barely keep up. A recent survey of five local transit agencies of similar size showed them using 2-4 employees to handle a comparable workload. Adding one more MMS will improve inventory management, mechanic productivity, parts delivery time and warranty management, while resolving perhaps our biggest issue in this area, night, weekend, sick and vacation coverage. Two other position requests, both addressing areas of critical need, have been deleted in deference to the budgetary concerns of the JPA members.
- Union Contract Expires October 1, 2008 – Negotiations will open this summer on a new contract between GCT and Service Employees International Union Local 721.
- Revenues are Flat – Boardings for the first nine months of FY 2007-08 are .8% under FY 2006-07 boardings. Passenger fares are projected to be 1% higher than the FY 2007-08 budgeted amount. Federal assistance for maintenance and planning activities is slightly lower than in FY 2007-08.
- The system-wide farebox recovery ratio is currently projected at 18% – California regulations require that a transit service claimant for Transportation Development Act (TDA) funds have a system wide ratio of fare revenues to operating cost of at least 20%. GCT is requesting non-TDA funds in the form of route guarantees to address this issue. Route guarantees totaling \$325,000 would raise the farebox recovery ratio to 20%.
- Capital Reserve Contribution remains at \$1.2 million – GCT initiates its first major facilities master planning effort this month, with an eye toward planning for the growth necessary to meet the future public transportation needs of western Ventura County. The TAC and the Board's Budget Committee have both supported maintaining the capital reserve contribution at a level which would support the eventual addition of equipment and facilities to support that growth.

As crucial as maintaining our capital reserve contribution is to our future, the previously discussed budget adjustment to fund the steep increase in natural gas prices, if approved, would reduce the budgeted capital reserve contribution to \$1,082,500.

- The net member contribution is 6.04% higher than in FY 2007-08 - Operating expenses have increased, and the significant increase in paratransit service

costs has shifted the burden slightly toward our smaller members. All members will be credited with a large carryover from FY 2006-07.

Following discussion of the preliminary budget, the Board Budget Committee directed staff to address three issues:

- Develop and implement a travel training program
 - Evaluate the performance of Route 12 and its future
 - Evaluate a possible fare increase
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- Develop and implement a travel training program - A travel training program is designed to enable and encourage seniors and people with disabilities to ride fixed-route service rather than paratransit, to the extent feasible. Development of such a program is in process, and will be coordinated with VCTC and other local organizations with similar goals.
 - Evaluate the performance of Route 12 – Route 12, serving the Ventura Harbor area from downtown Ventura, was initially funded using a three-year federal CMAQ grant for demonstration service. The three year period expires December 31, 2008. The route will be evaluated in July 2008, after thirty months of operation, as stipulated in the TDA Unmet Needs process. An evaluation report will be submitted to the Board in September 2008.
 - Evaluate a possible fare increase – The most recent fare study was conducted for SCAT in April 2003, and resulted in the Board approving a fare increase effective July 2003. At that time, the Board directed staff to re-evaluate the fare structure approximately every five years. Staff is beginning the evaluation process and will present a report with recommendations to the Board by January 2009.

Attachment 1 is a summary of the FY 2008-09 preliminary budget.

It is recommended that the Board of Directors receive the preliminary FY 2008-09 Budget, consider accepting staff recommendations for a budget adjustment and provide other direction as needed, and establish June 4, 2008 as the time for the public hearing on the FY 2008-09 Budget.



General Manager's Concurrence

ATTACHMENT 1

Gold Coast Transit
Operating Budget Summary
July 1, 2008 to June 30, 2009

Operating Revenue

<u>Item</u>	<u>Approved Budget</u> <u>FY06-07</u>	<u>Actuals</u> <u>FY06-07</u>	<u>Approved Budget</u> <u>FY07-08</u>	<u>Proposed Budget</u> <u>FY08-09</u>	<u>% +/-</u> <u>FY09 vs.</u> <u>FY08</u>
Passenger Fares-Fixed Route	\$2,583,200	\$2,641,230	\$2,726,000	\$2,749,800	+0.9%
Passenger Fares-Paratransit	174,000	156,854	152,300	159,100	+4.5%
Special Transit Fares- Local Gov't			250,000	335,000	+34.0%
Interest	12,000	90,513	20,000	60,000	+200.0%
Advertising Income	0	7,401	30,000	75,000	+150.0%
Other	3,000	726	2,000	2,000	+0.0%
Operating Assistance-State	119,895	180,151	80,270	327,424	+307.9%
Operating Assistance-Local	7,763,005	6,603,986	7,867,403	8,631,566	+9.7%
Demonstration Project, Nyeland -	37,000	32,941	0	0	
Demonstration Project, Ventura -	132,000	132,000	132,000	58,410	(55.8%)
Preventive Maintenance-Federal	1,931,000	1,983,760	2,169,827	2,275,000	+4.8%
Paratransit Assistance-Federal	700,000	688,360	928,000	900,000	(3.0%)
Planning Assistance-Federal	553,600	553,600	534,400	516,000	(3.4%)
Other Fed Grants and Reimburse	0	81,994	0	85,000	
TOTAL	\$14,008,700	\$13,153,516	\$14,892,200	\$16,174,300	+8.6%

Operating Expenses

<u>Item</u>	<u>Approved Budget</u> <u>FY06-07</u>	<u>Actuals</u> <u>FY06-07</u>	<u>Approved Budget</u> <u>FY07-08</u>	<u>Proposed Budget</u> <u>FY08-09</u>	<u>% +/-</u> <u>FY09 vs.</u> <u>FY08</u>
<u>FUNCTIONAL CATEGORIES</u>					
Employee Support	9,281,800	8,976,096	10,223,000	10,457,000	+2.3%
Service/Supplies - Operational	3,843,900	3,327,263	3,581,700	4,589,100	+28.1%
Service/Supplies - Support	883,000	850,157	1,087,500	1,128,200	+3.7%
TOTAL	14,008,700	13,153,516	14,892,200	16,174,300	+8.6%
<u>DEPARTMENT CATEGORIES</u>					
Fixed Route	7,281,800	6,823,763	7,791,700	8,415,700	+8.0%
Paratransit	1,892,600	1,681,958	1,834,400	2,337,300	+27.4%
Maintenance	2,352,500	2,406,332	2,529,800	2,729,400	+7.9%
Administration	1,898,500	1,827,729	2,095,200	2,016,400	(3.8%)
Planning and Marketing	583,300	413,734	641,100	675,500	+5.4%
TOTAL	14,008,700	13,153,516	14,892,200	16,174,300	+8.6%
Total Fixed Route	12,116,100	11,471,558	13,057,800	13,837,000	+6.0%
Total Paratransit	1,892,600	1,681,958	1,834,400	2,337,300	+27.4%
Farebox Recovery Ratio	19.68%	21.27%	21.01%	20.06%	(4.5%)

ATTACHMENT 1

Gold Coast Transit
Operating Budget Summary
July 1, 2008 to June 30, 2009

Change to Proposed Member Net Cost Allocation

<u>Member Agency</u>	<u>Calculated Member Allocation for FY08-09</u>	<u>Calculated Member Allocation for FY07-08</u>	<u>Increase / (Decrease)</u>	<u>% Increase / (Decrease)</u>
Ojai	\$176,008	\$150,555	\$25,454	16.91%
Oxnard	\$4,153,631	\$3,987,397	\$166,234	4.17%
Port Hueneme	\$293,582	\$253,454	\$40,129	15.83%
Ventura	\$3,264,059	\$3,051,318	\$212,741	6.97%
County of Ventura	\$1,124,468	\$1,055,760	\$68,707	6.51%
	\$9,011,748	\$8,498,484	\$513,264	6.04%

***Change to Proposed Member Net Cost Allocation
Includes Adjustment from Capital Reserve to Increase Fuel Budget***

<u>Member Agency</u>	<u>Calculated Member Allocation for FY08-09</u>	<u>Calculated Member Allocation for FY07-08</u>	<u>Increase / (Decrease)</u>	<u>% Increase / (Decrease)</u>
Ojai	\$176,155	\$150,555	\$25,601	17.00%
Oxnard	\$4,154,439	\$3,987,397	\$167,042	4.19%
Port Hueneme	\$294,402	\$253,454	\$40,948	16.16%
Ventura	\$3,263,590	\$3,051,318	\$212,272	6.96%
County of Ventura	\$1,123,162	\$1,055,760	\$67,402	6.38%
	\$9,011,748	\$8,498,484	\$513,264	6.04%