



# OPERATING & CAPITAL BUDGET

FISCAL YEAR 2017-2018



**Santa Barbara Metropolitan Transit District**

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Approved June 14, 2017

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## ***Message from the General Manager***

The public transit industry is challenged with declining ridership and Santa Barbara Metropolitan Transit District (MTD) is no exception. Despite the fact that we remain one of the top performing small public transit systems in the State, the decline in ridership from our peak eight years ago is significant.

Discussing factors beyond our control that have played a role in the decline is fine, but if doing so pacifies us into inaction then it becomes a hindrance to reversing the trend. It is important that we continue to reassess our system and services to ensure we are doing all we can to meet the current transit needs of our community.

In that vein, MTD's Board of Directors plans to conduct evening board meetings in Carpinteria, Goleta and Santa Barbara in an attempt to provide the community with greater opportunity to participate in the District's planning processes. Furthermore, staff will be conducting focus group surveys of its customers and the general public to better understand areas in which we can improve.

A bright spot has been the sharp increase in UCSB student ridership as the new Line 28, serving the campus, has been a huge success. Additionally, Lines 23 & 25 were connected to Lines 6 & 11 to travel beyond the Camino Real Marketplace to UCSB and downtown Santa Barbara, and ridership has increased. Consolidation of feeder routes (Lines 8 & 9) in Goleta and the unincorporated eastern Goleta Valley into the Line 7 to improve service along Calle Real and to County facilities have been received positively by the public.

These services stand in contrast to the overall decline in ridership and are an example of how targeted service enhancements can work, particularly in a university setting, if the end result is frequent and efficient services.

The proposed budget includes funding for expenditures and activities to further MTD's commitment to modernize its buses, payment technology, and passenger information systems. Furthermore, equipment to improve schedule adherence, automate bus stop announcements and on board cameras have been installed on all of MTD's diesel-powered buses. Use of these technologies will assist the agency in its goal to improve the safety, security, convenience and reliability of its services to the public.

Despite the budgeted use of operating reserves, the agency remains financially stable. However, the projected structural imbalance in the operating budget will need to be addressed. A change to MTD's fare policy resulting in increased fares and/or a reduction in service level may be required in the near future. The recent passage of SB 1 Road Repair and Accountability Act of 2017 by the State of California offers the possibility of some financial relief, but uncertainty regarding future federal assistance and the State's Cap-and-Trade program leave management guarded.

***Nonetheless, this budget includes an increase in service levels to a historic high for MTD!*** We are committed to listen and learn from our customers, employees and the general public to deliver the transit service needed to remain a Small Transit Intensive Community.

*Jerry Estrada  
General Manager*

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# Santa Barbara Metropolitan Transit District

## Operating & Capital Budget

Fiscal Year 2017-2018

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## Executive Summary

The operating budget for the Santa Barbara Metropolitan Transit District (MTD) for the 2017-2018 fiscal year is \$25.6 million. With total operating revenue anticipated at \$25.1 million, the use of \$455,000 in reserves is required to fill the funding gap. MTD has sufficient operating reserves to cover the shortfall and still meet the targeted cash reserves levels. While the five-year budget projection indicates rising future deficits that can be met by reserves, it would bring reserve balances below policy goals. MTD is preparing contingency plans to alleviate these potential future fiscal imbalances.

<b>Operating Budget</b>					
(\$ thousands)					
	FY 17-18 Budget	FY 16-17 Budget	Var %	FY 16-17 Estimate	Var %
<u>Revenue</u>					
Fare Revenue	\$7,078	\$7,224	-2%	\$7,265	-3%
LTF Sale Tax Revenue	7,771	7,460	4%	7,611	2%
FTA Operating Assistance	5,082	5,082	0%	5,082	0%
Measure A Sale Tax Revenue	2,014	2,014	0%	2,014	0%
State & Local Operating	1,210	1,414	-14%	1,277	-5%
Property Tax Revenue	1,156	1,111	4%	1,133	2%
Non-Transportation Income	836	846	-1%	801	4%
	<b>\$25,148</b>	<b>\$25,151</b>	<b>0%</b>	<b>\$25,183</b>	<b>0%</b>
<u>Expenses</u>					
Route Operations	\$15,785	\$15,336	3%	\$15,377	3%
Vehicle Maintenance	5,253	5,277	0%	5,096	3%
Passenger Accommodations	1,621	1,594	2%	1,434	13%
General Overhead	2,943	2,818	4%	2,784	6%
	<b>\$25,603</b>	<b>\$25,025</b>	<b>2%</b>	<b>\$24,690</b>	<b>4%</b>
Net Surplus/(Deficit)	<b>(\$455)</b>	<b>\$126</b>		<b>\$493</b>	

The more prominent matters and events affecting MTD finances in FY17-18 and the future include:

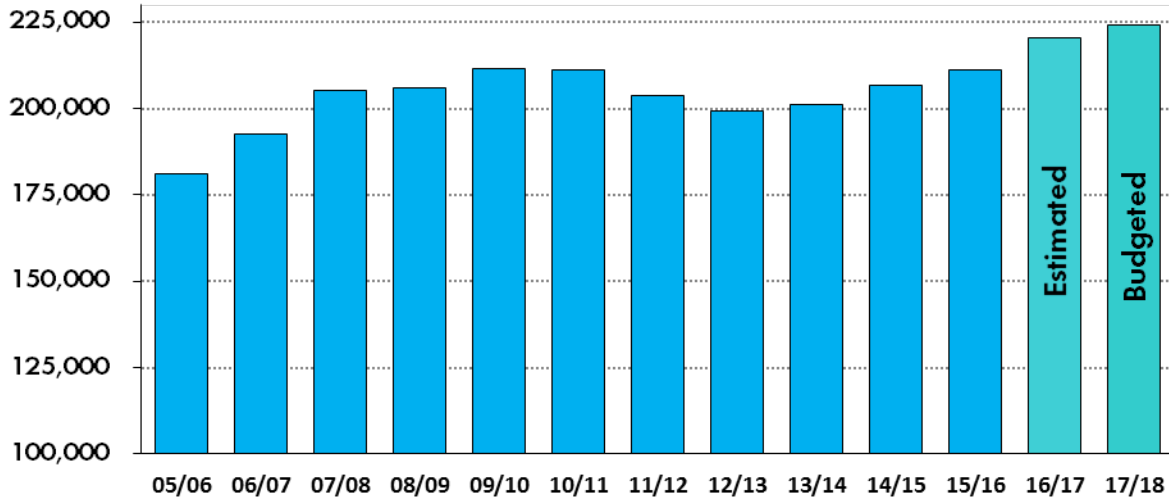
- ◆ Growth in the level of transit service
- ◆ No change in overall operating revenue
- ◆ Continuance of the ridership and fare revenue decline
- ◆ New Teamsters collective bargaining agreement
- ◆ Continued fleet fuel costs below long-term averages
- ◆ Increase in marketing activities and customer service enhancements

The cumulative effect of these and other factors is an operating budget that is 2% more than the approved FY16-17 budget. However, costs are expected to come in under budget in FY16-17 that results in a 4% increase relative to projected FY16-17 costs.

## Transit Service Level

The service level has been approved to increase by 1.5% to 224,431 revenue hours in the new fiscal year. This follows service expansions in recent years for a 10% cumulative rise in service hours since FY12-13. The FY12-13 service level was the low point following service reductions implemented because of reduced revenue and subsidies stemming from the Great Recession. At over 224,000 revenue hours in FY17-18, MTD will surpass its previous service level high.

**Annual Revenue Hours**



The changes in the schedule are geared towards improving schedule adherence. The increase in hours attributable to the calendar are largely offset by the service reduction to Lines 1 and 2.

<u>Change Description</u>	<u>Hours</u>	<u>%</u>	<u>Change</u>
Approved FY 2016-17 service level	221,119		
Service improvements	3,218	1.5%	
Lines 1/2 AM peak hour service reduction	-1,483	-0.7%	
FY16-17 service change timing adjustment	1,577	0.7%	
Net FY 2017-18 changes	3,312	1.5%	
Approved FY 2017-18 Service Level	224,431		

Key elements of the service enhancements including the following:

**Lines 6/11/23/25** – Time has been added to trips for each day of the week to improve on-time performance. Due to a slope failure on Cathedral Oaks Road, Line 25 is currently on a detour for up to two years using Bradford Drive and Calle Real in a one-way counter clockwise direction. There is also a minor re-route of the Line 23.

**Lines 1/2** – AM peak service will revert from 10-minute frequency to 15-minute frequency during weekdays. The enhancement to 10-minute frequency began in December 2015 and was funded by a Cap-and-Trade Low Carbon Transit Operations Program (LCTOP) grant. With a substantial decrease in LCTOP support, it is no longer sufficient to support the improvement.



**Lines 12x/24x** – Frequency on these lines has varied between 35-minutes and 1 hour. The schedule changes will reduce frequency from 30 minutes to 35 minutes and from 1 hour to 1 hour and 10 minutes. While this will result in the removal of some trips, it will improve schedule reliability that is particularly important to UCSB students arriving for class on time.

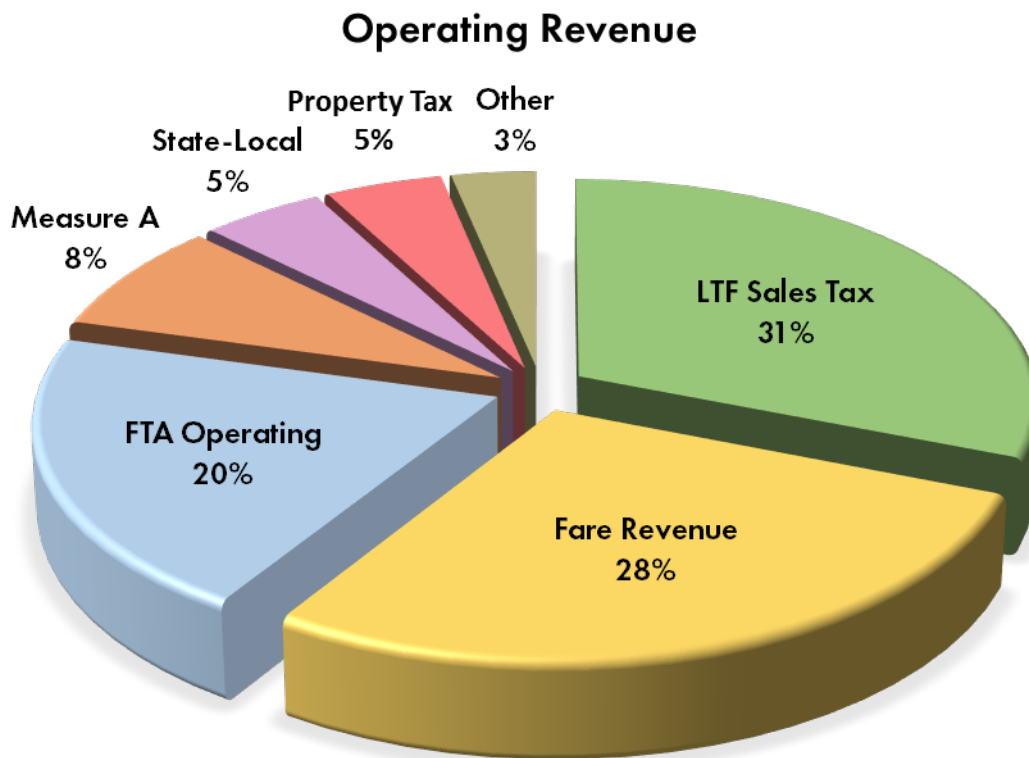
**Lines 20/21x** – Time has been reallocated within trips and some time has been added to improve on-time performance for each day of the week.

**Line 28** – A full year of Line 28 will increase annual service by just over 900 hours. The line, funded by UCSB, was added last August to provide service between Camino Real Marketplace and UCSB in order to offset the impact of the 1,000-bed San Joaquin student housing project.

## Operating Budget

### Operating Revenue

Overall revenue supporting MTD operations is budgeted at \$25,147,876 for FY17-18, which is nearly unchanged from the FY16-17 budget. Fare revenue, TDA-LTF sales tax revenue, federal operating assistance, and Measure A sales tax revenue provide the bulk of MTD’s funding and account for 87% of annual operating revenue. These and other MTD funding sources are discussed below.



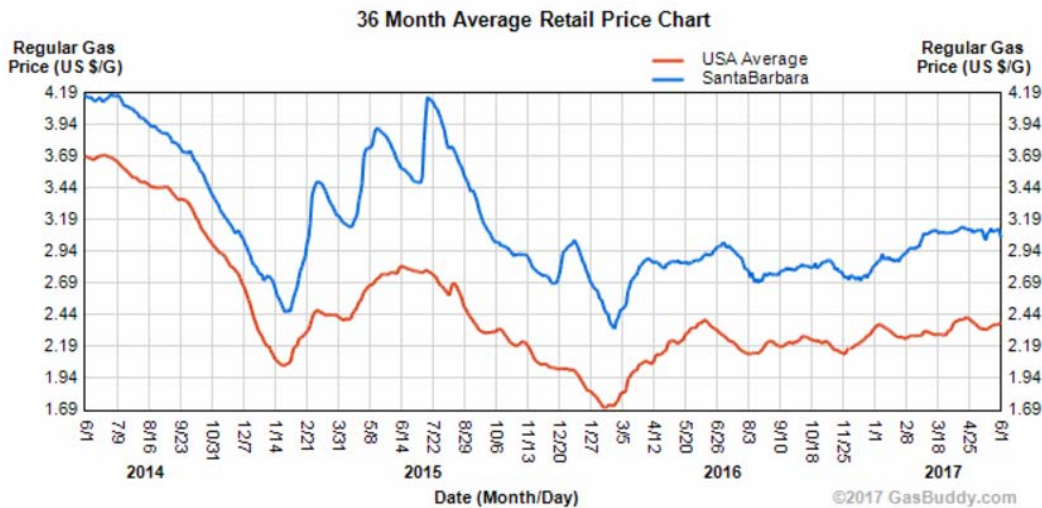
**Fare Revenue** – Total budgeted fare revenue of \$7.1 million is 2% less than both FY16-17 budget and 3% less than projected fares for FY16-17. In dollar terms, this is a \$186,000 reduction. The decrease stems from a projected continuation of the decline in cash and pass fares. Contract fares are expected to be essentially unchanged from FY16-17. After plateauing in FY13-14, cash and pass fare revenue has been in decline since. The largest drop of 14% occurred in FY15-16. The projected decrease for FY16-17 is 7%. The assumption, for next year is a 4% decrease. The cumulative reduction in collected fares since the FY12-13 peak would be \$1.3 million by FY17-18 year-end.

Fare Revenue by Category					
(\$ thousands)					
	Budget FY 17-18	Estimate FY 16-17	% Var	Actual FY 15-16	% Var
Cash Fares	\$2,075	\$2,161	-4%	\$2,342	-8%
Pass Fares	1,880	1,958	-4%	2,097	-7%
Contract Fares	3,123	3,145	-1%	3,124	1%
	<u>\$7,078</u>	<u>\$7,265</u>	<u>-3%</u>	<u>\$7,562</u>	<u>-4%</u>

A hopeful sign is that the projected 7% decline for FY16-17 cash and pass sales is about half the rate of the prior year decrease. Nonetheless, there remains a lack of certainty as to the basis of the ridership reduction making it a challenge to predict its future path. As has been reported in the past, the suspected reasons include:

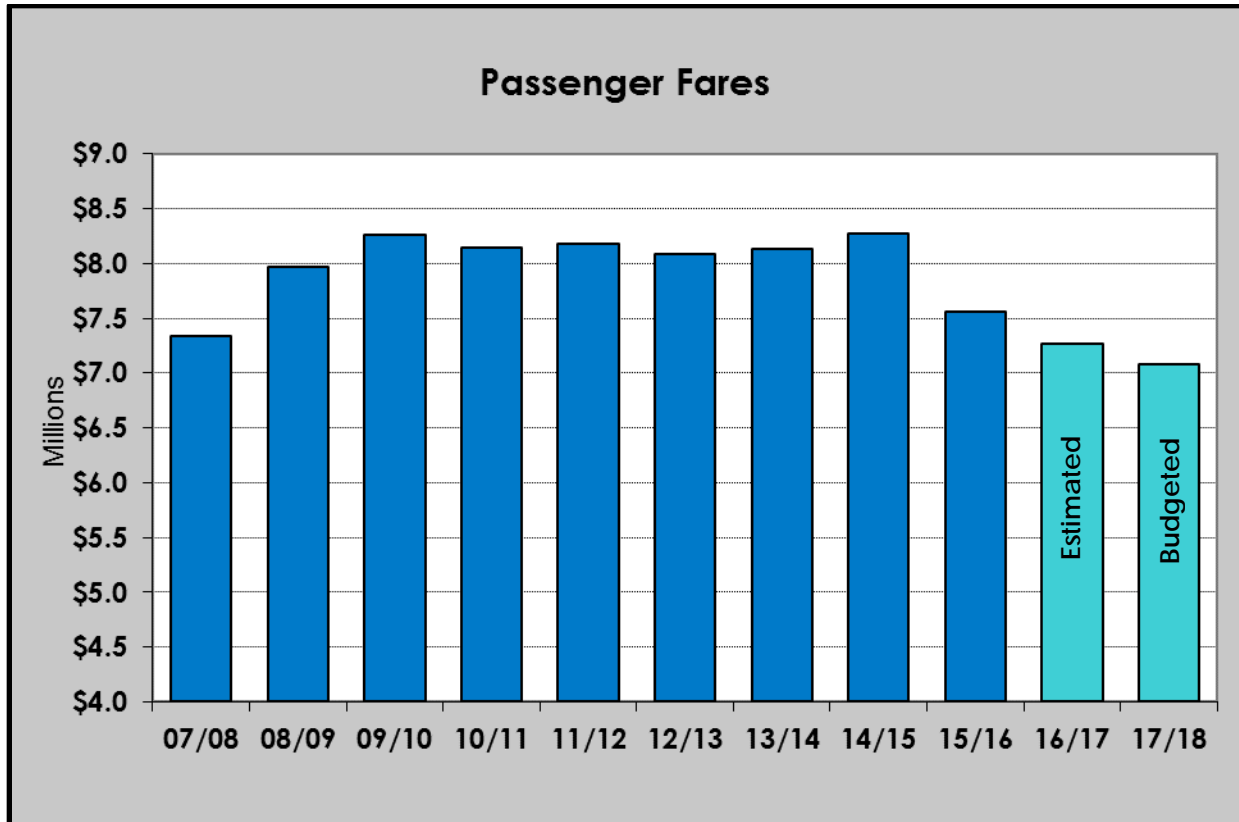
- ◆ Reduced gasoline prices lessening the relative price of using a personal vehicle
- ◆ Increase in personal vehicle use as the result of changes in driver’s license requirements
- ◆ Migration to alternative transportation modes (e.g., Uber, bicycling, etc.)
- ◆ Strength of the dollar affecting the level of international students visiting the South Coast

The price of gasoline is likely the key factor in the ridership decrease. The below chart showing retail gas prices correlates well with MTD’s fare revenue loss with the maximum drop occurring in FY15-16. The shift away from mass transit is a nation-wide occurrence, which lends additional credence to gas prices being the leading cause. Up to this point, the increase in oil prices since the late 2015 minimum has perhaps slowed, but not reversed the downward ridership trend.



Contract fare revenue comes primarily from three sources: the City of Santa Barbara for the Downtown-Waterfront Shuttle (DWS); UC Santa Barbara (UCSB); and Santa Barbara City College (SBCC). MTD and the City of Santa Barbara expect to renew the DWS contract for five years effective with the new fiscal year. For FY17-18, revenue of \$1.1 million is a slight decrease of the expected FY16-17 amount. This is due to a small reduction in DWS service hours agreed to in the new contract. The contract is subject to an annual CPI adjustment.

Both UCSB and SBCC contract fares are based on a fixed fee per student. UCSB enrollment (and ridership) has been steadily increasing in recent years while SBCC has been experiencing the opposite pattern. Thus, contract fare revenue for the schools has been facing a similar pattern. In discussions with the institutions, the same is expected in FY17-18. SBCC revenue is budgeted at \$845,000, a 4% decrease. Of note, this compares to a 5.5% decrease in FY16-17—when the fee was raised by a dollar. For UCSB, projected fares of just over \$1 million represent a 1.3% rise.



**Federal Operating Assistance** – Section 5307 Federal Transit Administration (FTA) formula operating assistance of approximately \$5.1 million is budgeted for fiscal year 2017-18. Such amount is unchanged from FY16-17 as well as FY15-16. Although the 2015 FAST Act federal transportation bill calls for 2% annual increases, the full budget for FY16-17—only recently solidified—holds spending to prior year levels. It is too early in the federal budget cycle to project next year’s amount with any certainty. Therefore, FY17-18 assumes static formula 5307 formula assistance.

**LTF Sales Tax Revenue** – Local Transportation Fund (LTF) sales tax revenue, MTD’s largest source of operating revenue, is budgeted at \$7.8 million for next year. This estimate is from the Santa Barbara County Auditor-Controller and used by the Santa Barbara County Association of Governments (SBCAG) for the LTF claim submittal. The amount represents a 4% increase over MTD’s current year budget. LTF has shown strong growth in the second half of this fiscal year and is projected to come in over budget. The maximum receipts for the year are limited to the initial claim amount of \$7.6 million and any residual above this amount will be received in a separate allocation in FY17-18.

**Measure A Operating Assistance** – Measure A operating assistance for MTD is budgeted at just over \$2 million for FY17-18. This estimate, determined by SBCAG, is virtually unchanged from the current year budget. Funded by the 2008 voter-approved ¼ percent increase in local sales tax, MTD’s Measure A operating revenue is projected by SBCAG to grow by 4.6% in FY18-19.

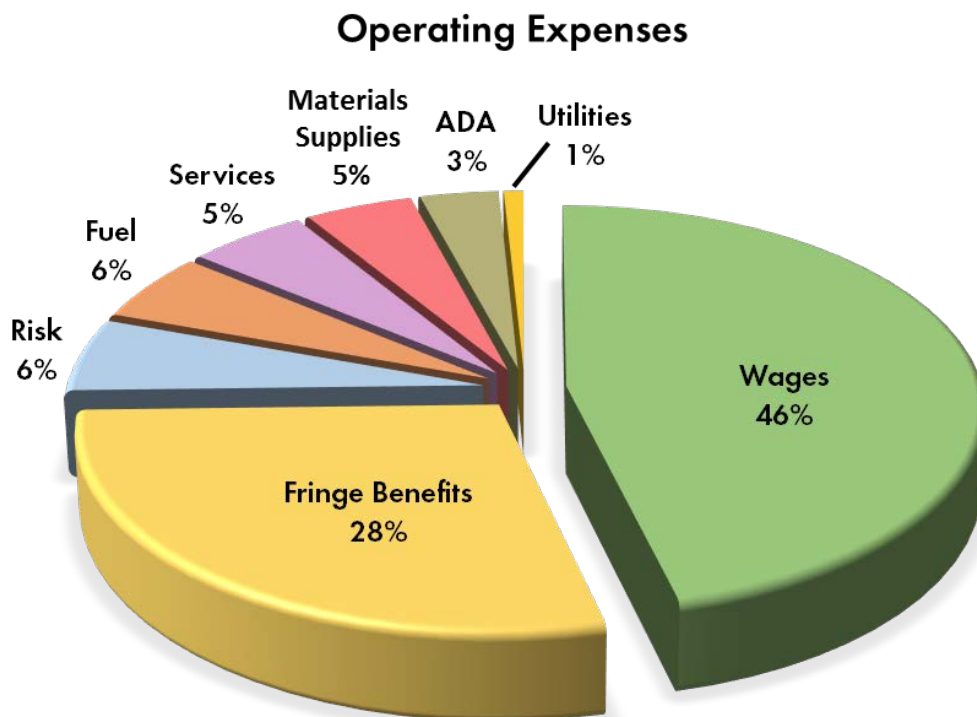
**State & Local Operating Assistance** – State and local assistance includes revenue sources dedicated to specific service enhancements. Current state and local operating assistance in FY17-18 is \$1.2 million. The majority of the budgeted amount represents continued UCSB support for the Line 28 and expanded service hours for the Lines 12x/24x (UCSB is also contributing \$107,000 to a capital equipment sinking fund for the Line 28, which is not included as operating income). The remaining \$50,000 is from the State Low-Carbon Transit Operations Program (LCTOP) and is allocated to enhanced marketing activities. Due to poor results in the California carbon credit auctions, LCTOP funding has fallen significantly and MTD’s local allocation is no longer able to support the operating cost of 10 minute headways for Lines 1 and 2 AM peak service begun in late 2015.

**Property Tax Revenue** – Property tax is on track for 3.5% growth in FY16-17, exceeding the budgeted 2% increase. This compares to 6.5% growth in FY15-16. This trend coincides with a slowdown in the growth of a median home price in the South Coast, which rose by 2.7% in calendar year 2016 and 3.6% in the prior year. Based on this trend, property tax is estimated to increase by 2% in FY17-18.

**Non-Transportation Income** – Income from bus advertisements of \$550,000 is predicted for FY17-18. After steadily growing since FY08-09, projected receipts of \$558,000 for FY16-17 are well below the \$600,000 budget and just under the FY15-16 level. With some ad contracts not being renewed upon expiration, efforts to rent available space are ongoing. MTD’s lease of its Overpass facility will provide \$193,000 in FY17-18. The lease expires in 2020. The current tenant retains right of first refusal for up to an additional five-year term with the lease to be renegotiated to the then market rate.

**Operating Expenses**

For the 2017-18 fiscal year, operating expenses are budgeted at \$25,602,765. This amount is 2.3% more than the FY16-17 budget and 3.7% above projections for FY16-17. The growth in outlays is mainly driven by the increase in MTD’s revenue hours. Not unexpectedly, the service level is the driving factor in MTD operating costs affecting more than 80% of the operating budget through wages, benefits, fuel and risk-related costs. Salient changes and trends in expenditures are discussed below.



**Wages & Benefits** – The wages and fringe benefits budget for FY17-18 is \$19 million, representing 75% of the operating budget. Employee costs are 5% above projected wages and benefits in FY16-17. Personnel and benefit changes affecting outlays for MTD’s workforce include:

- ◆ The revenue hours increase of 1.7%, which amounts to 5,300 additional driver pay hours
- ◆ Wage and benefit expense growth in line with projected cost of living adjustments
- ◆ The addition of 20 hours per week for increased dispatch and supervisory services
- ◆ A potential mid-year budget revision related to the recent maintenance manager vacancy
- ◆ The assumption of full employment of all existing and new positions throughout the year

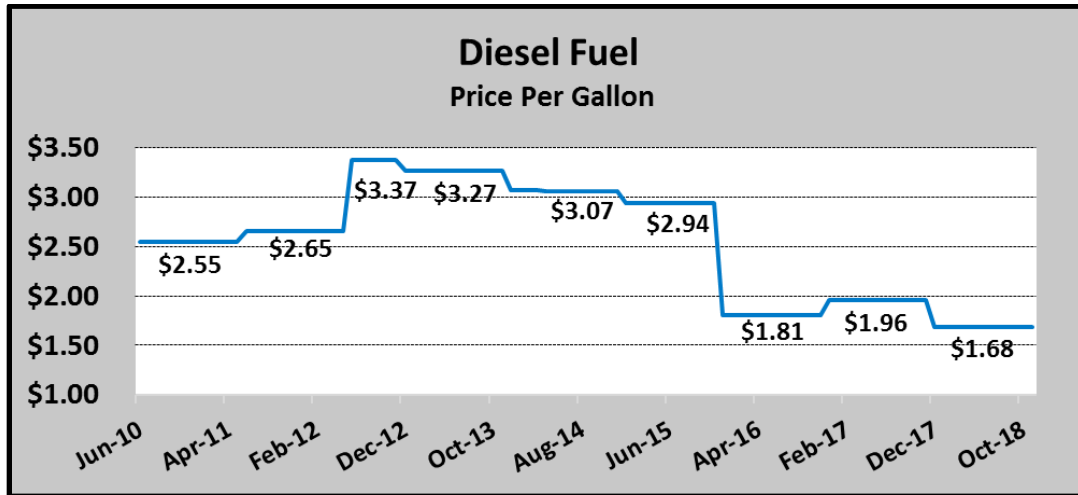
	FY 17-18 Budget	Estimated FY 16-17	Actual FY 15-16	Actual FY 14-15	Actual FY 13-14
Health Insurance	\$2,974	\$2,787	\$2,682	\$2,509	\$2,249
Payroll Taxes	1,086	\$1,028	\$946	\$939	\$919
Paid Leave	1,700	1,626	1,625	1,565	1,495
Uniforms & Tools	72	71	48	69	47
Retirement Contribution	1,439	1,332	1,304	1,344	1,277
	<u>\$7,271</u>	<u>\$6,843</u>	<u>\$6,606</u>	<u>\$6,426</u>	<u>\$5,987</u>

**Personnel** – The ability to attain and maintain full employment remains a difficult challenge for MTD and the entire South Coast because of the relatively high cost of housing. This continues to be an impediment in achieving the ideal number of drivers, which leads to increased overtime affecting both costs and employee satisfaction. FY16-17 did see the filling of several vacancies including a marketing manager, a mechanic, and a customer service representative. Still to be filled are the night-shift shop supervisor and a part time accounting clerk. The unexpected departure of the manager of maintenance in early 2017 left a key executive management vacancy. As a temporary measure, the interim maintenance manager, MTD’s shop superintendent, is being assisted with the hire of a retired maintenance manager on a part-time basis.

**Risk-Related Costs** – At \$1.4 million, liability and workers’ compensation costs are budgeted to come in 16% less than FY16-17. The reduction is mostly related to above average costs in FY16-17 for liability defense services and workers’ compensation claim reserves. Enhanced oversight of risk-related costs is beginning to pay off with a reduction in claims. Given the difficulty in predicting claim-related events, anticipated costs are assumed to revert to the average level over the last several years.

	FY 17-18 Budget	Estimated FY 16-17	FY 15-16 Actual	FY 14-15 Actual	FY 13-14 Actual
Workers' Compensation	\$505	\$627	\$470	\$195	\$753
Insurance	362	348	339	324	325
Legal & Other Services	378	649	412	429	269
Liability Claims	150	38	300	295	76
	<u>\$1,395</u>	<u>\$1,662</u>	<u>\$1,521</u>	<u>\$1,242</u>	<u>\$1,424</u>

**Fuel, Power & Lubricants** – Diesel fuel expenditures of about \$1.3 million in FY17-18 will be down 3%. The reduction is reflective of an 8% increase in FY16-17 which runs through this November; and a 14% decrease in the price this coming December. The current \$1.96 price per gallon will decrease to \$1.68 in December 2017 under the terms of a new one-year fuel contract. Note that these prices do not take into account state and federal taxes and fees.



**Marketing Services** – With the hiring of a marketing firm and a new marketing manager in the last six months, enhanced promotional and public outreach activities are on the rise. The rebranding of MTD is in process as are preparation of the upcoming introduction of real-time passenger information to the public. Improvements to MTD’s social media presence, including a redesign of MTD’s website, are other near-term undertakings. With a full year of marketing activities in FY17-18, related outlays will increase by 17% over the previous budget. As most anticipated marketing activities did not take place in FY16-17, the new budget represents about a 50% increase from estimated costs for the year.

## Capital Budget

The capital budget for FY17-18 is \$17.9 million. It is comprised of equal parts new projects and those previously budgeted or underway. The majority of the capital expenditures are for replacement buses or bus improvements with several large purchases slated for the year. Passenger facility improvements, including the Transit Center renovation and bus stop shelter refurbishments, make up close to 20% of the budget. The remaining \$1.4 million covers a variety of projects or allowances for facility and equipment improvements. Available funding for the capital projects and improvements, provided from various federal and state sources, are sufficient to cover the capital budget.

### Capital Projects

**Bus Replacements & Improvements** – Bus acquisitions for FY17-18 include 10 conventional 40-foot buses, four battery-electric 40-foot buses; and 14 30-foot battery-electric buses. The 40-foot revenue vehicles are replacements for the remaining 1998 Nova fleet. Given the lead-time for bus orders, delivery will actually take place in FY18-19. The 30-foot buses will replace the 14 remaining 22-foot electric shuttles. Production delays have pushed delivery of the BYD vehicles into next fiscal year. Given previous uncertainty in number of required smaller electric buses, six of the 14 are being acquired through a capital lease. The decision and means to exercise the buyout option of the lease will be brought to the Board in FY17-18.

<b>Capital Projects by Category</b>			
(\$ thousands)			
	<u>FY 17-18 Budget</u>	<u>Carryover Funding</u>	<u>New Funding</u>
Revenue Vehicle Purchases	\$12,429	\$6,954	\$5,475
Intelligent Transportation Systems	300	4,135	(3,835)
Passenger Facilities	3,000	2,480	520
Operating Facilities	483	1,268	(785)
Revenue Vehicle Improvements	950	425	525
Information Systems	375	185	190
Other Equipment	325	275	50
<b>Total Capital Projects</b>	<b><u>\$17,862</u></b>	<b><u>\$15,722</u></b>	<b><u>\$2,140</u></b>

Two significant bus improvement projects will take place next fiscal year: the replacement of several hybrid bus battery packs, now more than 10 years old and the refurbishing of the Nova flooring necessary to carry the fleet through the next 18 months. The remainder of the improvements are major vehicle component replacements including the continued state-mandated replacement of hybrid bus engines upon attaining 170,000 miles.

**Passenger & Operating Facilities** – With continued challenges in finalizing the Transit Center renovation construction drawings, construction work will be carried forward into FY17-18. In the current year, there have been considerable civil engineering efforts concerning California storm water mitigation requirements for the driveway. The capital budget includes an additional \$500,000 as a contingency for the project. Scheduled upgrades and replacements of MTD’s wooden bus stop shelters will similarly be delayed until FY17-18. Additional bus stops, including some for Line 28, have been added to the project as well. With design work completed for the earthquake retrofitting of the Olive Terminal shop structure, the structural modifications are scheduled for FY17-18.

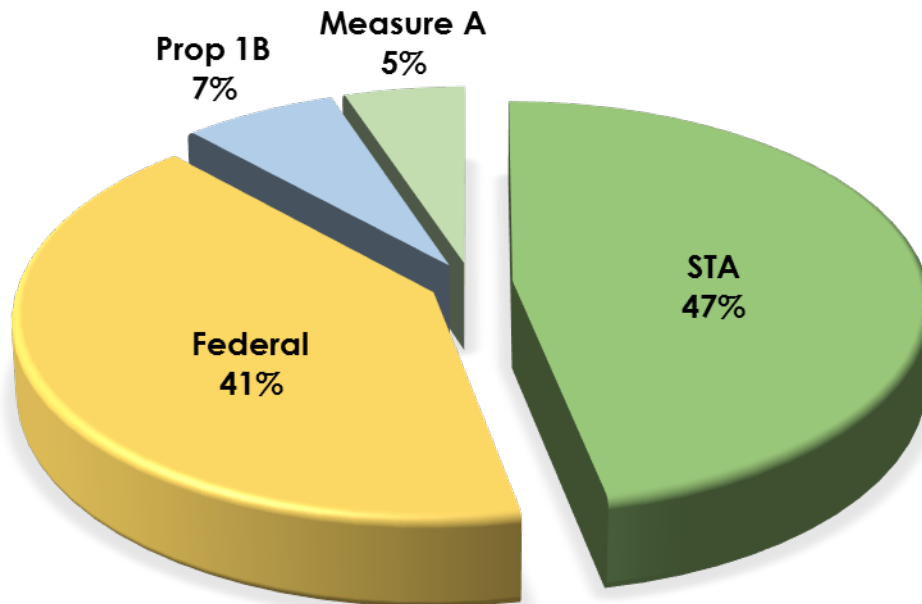
**Intelligent Transportation Systems** – The AIM real-time passenger information is currently in the testing phase with introduction to the public anticipated for late summer. This is the last major feature of the multifaceted ITS system, which also includes the use of real-time bus location data for improved vehicle monitoring and on-time performance; onboard video recording; automated audio and visual bus stop announcements; automated passenger counting by bus stop; and live vehicle systems status monitoring to reduce road calls. The FY16-17 capital budget was revised to include the replacement of all of MTD’s fareboxes with current Genfare models with advanced fare media features. MTD is now positioned to introduce smart cards to students attending SBCC and UCSB in FY17-18. Smart cards are a contactless proximity device for boarding validation and ridership recording. Significant progress has been made in testing and working through technical, proprietary, and student privacy details of the project. It has been a collaborative effort between Genfare, the schools, and Vaquero Systems, MTD’s technical consultant for the project.

**Information Systems & Other Equipment** – FY17-18 will also include replacement of the fuel island wireless vehicle mileage and fuel consumption data system. The data capturing and monitoring system, now 15 years old, is at the end of its useful life. The budget also provides for the continued modernization of MTD’s IT systems with upgrades to network servers, switches, etc. An allowance is also included for software to improve service plan scenarios comparison and analysis capabilities.

## Capital Revenue

For the funding of capital projects in FY17-18, MTD will make use of its traditional sources: federal funds, both formula and discretionary; State Transit Assistance funds; the Measure A Capital Program; and the last of the Prop 1B bond funds. All capital funds for the fiscal year are presently secured.

### Capital Project Funding



**Federal Formula Funds** – The FTA Section 5339(a) capital formula program was initiated under the MAP 21 transportation funding bill in 2013 and provides roughly \$400,000 per year. Due to delays concerning the designated recipient of the funds for small urban areas, MTD was only recently allocated its apportionments for fiscal years 2014 through 2016. The FTA has approved a grant to use the \$1.25 million for the three years as part of the funding for the new 30-foot electric buses. FY16-17 5339(a) funds have not yet been allocated, although the appropriation was recently approved in this year’s federal budget. The expected \$387,000 has been allotted to several smaller capital projects in FY17-18. Any allocation of federal 5339(a) funds in FY17-18 would typically be late in the year with insufficient time for use until the following fiscal year.

**Federal Discretionary Funds** – The FTA 5339(b) discretionary grant of \$5.7 million awarded earlier this year will cover the majority of the cost for replacement of the remaining 1998 Nova fleet. MTD is seeking approval from the FTA to reallocate \$1.4 million in old CMAQ grant funds towards four of the BYD 30-foot electric buses. The ability to do so is subject to an FTA review of the contract that MTD intends to “piggyback” off of for the BYD purchase. While optimistic about the outcome, the CMAQ funds are not included in the budget as capital funding at this time.

**Measure A Capital Program** – In FY17-18, the budget calls for the full use of MTD’s Measure A capital allocation of \$934,000 for the year. The funds will cover the cost of the bus improvements indicated in the capital projects section. Although already allocated to MTD, Measure A capital funds are provided on a reimbursement basis. SBCAG holds the funds with the County Auditor-Controller.

**Prop 1B Program** – MTD will be using the remaining \$960,000 in Prop 1B PTMISEA to assist in funding the TC renovation. While state Prop 1B program has come to an end, there may be an additional



year of allocation for residual and unspent balances. The Prop 1B transit security program has similarly ended. MTD recently received a final \$233,000 allocation from unspent balances. MTD intends to use the funds for Olive Terminal safety enhancements including motorized gates, improved lighting, and additional security cameras. The Prop 1B program has been a key source of capital revenue since 2008 providing more than \$17 million. The FTA Section 5339(a) capital program is making up a portion of the loss. Funding expected to be provided under the recently passed SB1 is another potential source of additional capital funds.

**State Transit Assistance** – TDA State Transit Assistance (STA) is typically used by MTD as the source for any capital funding needs not covered through all other capital revenue sources. With the relatively large capital outlays in the FY17-18 budget, MTD will use nearly \$8.4 million in STA. The majority of the funds will assist with the upcoming bus acquisitions and the Transit Center renovation.

## Forecast, Reserves & Fund Balances

### Five-Year Forecast

The following table provides the five-year operating budget forecast through FY 21-22. Also included in the table is the effect of the budget projections on MTD’s unrestricted net position.

<b>Five-Year Financial Forecast</b>					
(\$ thousands)					
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
	Budget	Forecast	Forecast	Forecast	Forecast
<u>OPERATING REVENUE</u>					
Passenger Fares	\$7,078	\$7,078	\$7,149	\$7,256	\$7,401
FTA Operating Assistance	5,082	\$5,082	\$5,082	\$5,082	\$5,082
Property Tax Revenue	1,156	1,179	1,179	1,190	1,214
Local Operating Assistance	1,210	1,246	1,285	1,327	1,371
Measure A	2,014	2,106	1,987	2,058	2,144
Non-Transportation Income	836	853	870	888	905
Sales Tax Revenue (TDA - LTF)	7,771	7,927	7,927	8,006	8,166
Total Operating Revenue	<u>\$25,148</u>	<u>\$25,470</u>	<u>\$25,478</u>	<u>\$25,807</u>	<u>\$26,283</u>
<u>OPERATING EXPENSE</u>					
Route Operations	\$15,785	\$16,178	\$16,621	\$17,083	\$17,564
Vehicle Maintenance	5,253	5,492	5,756	6,040	6,346
Passenger Accommodations	1,621	1,664	1,712	1,763	1,816
General Overhead	2,943	3,017	3,099	3,185	3,274
Total Operating Expense	<u>\$25,603</u>	<u>\$26,350</u>	<u>\$27,188</u>	<u>\$28,070</u>	<u>\$29,000</u>
Operating Surplus/(Deficit)	<u>(\$455)</u>	<u>(\$880)</u>	<u>(\$1,710)</u>	<u>(\$2,263)</u>	<u>(\$2,717)</u>
<u>Change in Net Position (Reserves)</u>					
Unrestricted Net Position (BOY)	\$11,216	\$10,661	\$9,681	\$7,872	\$5,508
Change from Operating Activities	(455)	(880)	(1,710)	(2,263)	(2,717)
OPEB Unfunded Liability Increase	(100)	(100)	(100)	(100)	(100)
Unrestricted Net Position (EOY)	<u>\$10,661</u>	<u>\$9,681</u>	<u>\$7,872</u>	<u>\$5,508</u>	<u>\$2,692</u>

Key assumptions in the projection include the following:

- ◆ The service hours and fare structure remain at the FY17-18 levels throughout the period.
- ◆ Passenger fares stabilize in FY18-19 and rise to 2% growth by the last year of the projection.
- ◆ FTA formula assistance is held to the FY16-17 amount due to uncertainty with federal funding.
- ◆ Property tax and TDA sales tax revenues level off in FY19-20 and begin rising thereafter.
- ◆ Most other revenue sources grow at 2% per year, although Measure A varies per SBCAG.
- ◆ Health insurance costs escalate between 6% and 8% each year.
- ◆ Diesel fuel prices are projected to grow by 10% annually.
- ◆ Most other operating expenses increase at 2% to 3% per year.
- ◆ The OPEB trust is prefunded at \$100,000 each fiscal year.

The five-year forecast indicates a growing operating deficit each year with the shortfall in the final year reaching \$2.7 million. This outcome would erode MTD’s unrestricted net position from a starting point of \$11.2 million in FY17-18 down to \$2.8 million by the end of FY20-21. Conservative assumptions are used in the projection, as is financially prudent. However, such forecasts become less reliable in later years. In the past, the projected growing deficits did not come to fruition through either changing conditions or proactive measures by MTD. In recent years, a reduction in annual health insurance growth, declining fuel prices and a lack of full employment have turned expected deficits into surpluses. During the Great Recession, the large drop in sales tax revenue necessitated preemptive service level reductions to avoid deficits. Nevertheless, the projection assumptions are not unrealistic and are reasonably possible. Of significant concern is the continued decline in ridership and the resultant fare revenue reduction. Thought to be a short-term aberration, it is now going on three years. Fortunately, the previously mentioned reasons as well as continued growth in sales tax and state and local operating assistance, have made up the difference. Nonetheless, MTD is developing contingency plans to safeguard against the potential large deficits in the near future.

### Operating & Capital Reserves

The forecast indicates the ability of MTD to fully fund operating reserves in FY17-18 and FY18-19 to the target levels established in the Cash Reserves Policy. Such ability diminishes rapidly in the out years of the projection. Of course, the lack of capacity to fund reserves is directly attributable to the projected deficits. As such, any resolution to funding deficits will equally alleviate reserve shortfalls.

<b>Projected Reserve Balances</b>					
(\$ thousands)					
<i>RESERVE FUNDS</i>	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Working Capital	\$5,082	\$5,082	\$5,082	\$5,082	\$2,692
Emergency	2,560	2,635	2,719	427	0
Appropriated	512	527	71	0	0
Capital	0	0	0	0	0
Reserves Projected Balance	<u>\$8,154</u>	<u>\$8,244</u>	<u>\$7,872</u>	<u>\$5,508</u>	<u>\$2,692</u>
Targeted Reserves Shortfall	<u>\$0</u>	<u>\$0</u>	<u>\$473</u>	<u>\$2,942</u>	<u>\$5,870</u>

## Deficit Reduction Options

In the event of persistent and increasing funding gaps, MTD has at its disposal two primary means of resolving the shortfalls: a reduction in the service level and/or a fare increase. While there are many areas in which outlays can be scaled back, the service level and fares are at the heart of what MTD controls and have the greatest effect on the operating budget. In the following examples, basic assumptions have been used to provide preliminary estimates the effectiveness of the actions.

**Service Level Reduction** – Two scenarios have been provided for reducing costs through service cuts: a 5% and a 10% service reduction. In calculating the savings for the 5% scale back, a direct marginal cost per hour has been used (i.e., those costs that change directly as a result of revenue hour changes such as driver wage and fuel). With relatively small service hour changes, costs for supervision, maintenance and administration are generally unaffected. For the 10% reduction, a higher operating rate per hour has been used because it is then possible to scale back on non-driver positions, services, supplies, overhead, etc.

Hours Reduction	Cost Decrease
5%	➔ \$560,000
10%	➔ \$1,345,000

**Fare Increase** – Three fare increase scenarios are shown below that provide a rough guide to the additional revenue that could be generated. Assumptions include the full fare rising from the current \$1.75 to either \$2.00 or \$2.25; and pass prices increasing either the same percentage as the full fare or such that the price per ride is 75% of the full, senior or mobility fare. These assumptions are used as examples only and are not recommendations which would require a much higher level of analysis.

Scenario 1	Current	New
Adult Cash Fare	\$1.75	\$2.00
Senior & Mobility Cash Fare	\$0.85	\$1.00
Passes	full fare change (+14%)	
Additional Fare Revenue Range	\$344,000 to \$440,000	

Scenario 2	Current	New
Adult Cash Fare	\$1.75	\$2.00
Senior & Mobility Cash Fare	\$0.85	\$1.00
Passes	75% of cash fare	
Additional Fare Revenue Range	\$576,000 to \$758,000	

Scenario 3	Current	New
Adult Cash Fare	\$1.75	\$2.25
Senior & Mobility Cash Fare	\$0.85	\$1.00
Passes	full fare change (+29%)	
Additional Fare Revenue Range	\$592,000 to \$746,000	

A range of generated fare revenue is necessary to account for different anticipated ridership reactions to the fare increase. As with any service, increasing the price reduces the demand or, in this case, passenger trips. There are many empirical studies of the effect of price changes on ridership for mass transit. MTD has assumed typical demand reduction figures.<sup>1</sup>

<sup>1</sup> The fare projection assumes that ridership would decrease between 0.3% and 0.4% for each 1% increase in fares.

## Capital Fund Balances

The following table presents the status and balance of MTD’s various capital funding sources. The FY17-18 capital budget will result in a large reduction in the available capital funds. If all capital projects are completed, the capital funding balance would be \$2.1 million compared to \$11.5 million at the start of the year. While this would reduce capital funds to levels much lower than in recent years, this is not considered a matter of concern for several reasons. Ten of the Nova replacement buses will not be received or paid for until well into FY18-19, reducing outlays by \$5 million. By next fiscal year, MTD will have been allocated additional STA, Measure A and, likely, FTA Section 5339(a) capital funds, adding an additional \$3 million to the funding balance. More importantly, it would also represent the completion of a backlog of projects that the funds are meant for. While not in the budget, Senate Bill 1 may provide sizable additional STA funds. With the first of the new taxes and fees becoming effective later this year, MTD does not expect to receive the SB1 funds before 2019.

<b>Capital Fund Balances</b>		
(\$ thousands)		
	FY 17-18 Budget	FY 16-17 Estimated
<b>State Transit Assistance</b>		
Beginning Balance	\$8,844	\$9,112
Additions	1,250	1,242
Outlays	8,364	1,509
Ending Balance	<u>\$1,730</u>	<u>\$8,844</u>
<b>Federal</b>		
Beginning Balance	\$1,689	\$151
Additions	6,071	1,634
Outlays	7,370	96
Ending Balance	<u>\$390</u>	<u>\$1,689</u>
<b>Prop 1B</b>		
Beginning Balance	\$961	\$3,097
Additions	233	330
Outlays	1,194	2,465
Ending Balance	<u>\$0</u>	<u>\$961</u>
<b>Measure A</b>		
Beginning Balance	\$0	\$690
Additions	933,821	934
Outlays	933,821	1,624
Ending Balance	<u>\$0</u>	<u>\$0</u>
<b>Total Capital Funds</b>		
Beginning Balance	\$11,495	\$13,049
Additions	8,488	4,140
Outlays	17,862	5,695
Capital Funds Total	<u>\$2,120</u>	<u>\$11,495</u>

## Retirement Benefit Obligations

Employees are eligible for pension and health benefits upon retirement if established criteria are met. A description of these benefits and MTD’s associated obligations and liabilities follows.

### Pension

**Represented Employees** – MTD makes monthly contributions to the Western Conference of Teamsters Pension Trust for employees covered by collective bargaining agreement (CBA) with the Teamsters. The contribution amount is established as part of the CBA negotiation process. It is a defined benefit plan with retirement payments based on a formula set by the Pension Trust. Based on the most recent actuarial certification, the multi-employer trust is 90% funded which is considered very good financial condition. MTD does not record the unfunded liability on its books.

**Staff & Management** – A 401(k) plan was established in 1985 for all employees not subject to the CBA (MTD had previously been part of CalPERS). MTD makes an ongoing contribution on the employee’s behalf. As a fully-funded defined contribution plan, there is no unfunded retirement benefit liability.

**Other Post-Employment Benefits**

MTD provides post-employment health benefits in the form of a monthly reimbursement towards retirees’ personal health insurance premiums for eligible union and staff retirees and their spouses of up to \$285 per month. Eligibility for the benefit requires that an employee be at least 65 years of age at the time of retirement and have worked a minimum of 20 years at MTD.

<b>OPEB Liability Balance</b>			
<b>Fiscal Year</b>	<b>Expense Accrual</b>	<b>Prefunding</b>	<b>Liability</b>
2008-09	\$880,000		\$880,000
2009-10	\$924,000		\$1,804,000
2010-11	\$1,021,000		\$2,825,000
2011-12	\$816,000		\$3,641,000
2012-13	(\$1,049,000)		\$2,592,000
2013-14	\$151,000		\$2,743,000
2014-15	\$149,000		\$2,892,000
2015-16	\$190,000		\$3,082,000
2016-17	\$100,000	(\$1,000,000)	\$2,182,000
2017-18	\$100,000	(\$100,000)	\$2,182,000

Government accounting standards require measuring the present value of anticipated future Other Post-Employment Benefits (OPEB) payouts for the health benefit and record it as a liability in its financial statements. At the end of FY15-16, this liability stood at \$3.1 million. MTD has not previously set aside funds to cover the cost of this future liability. OPEB cash outlays have been limited to the amount of actual reimbursements made to retirees for the benefit. Recently, the Board established a policy to set up an irrevocable trust with CalPERS to prefund the future OPEB liability. Per the policy, the trust will be allocated \$1 million in FY16-17 to begin the prefunding.

A major benefit of prefunding is that the nature of the trust allows for improved investment returns that reduce future OPEB costs. Following an updated actuarial valuation of the OPEB liability, a recommendation will be brought to the Board concerning future year prefunding contributions. For estimation purposes, the five-year projection assumes prefunding \$100,000 annually.

## Detailed Budget Tables

### Operating Revenue Summary Fiscal Year 2017-18

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>FAREBOX REVENUE</i>					
Cash Fares & Tokens	\$2,075,016	\$2,105,972	(\$30,956)	-1%	\$2,161,476
Adult Passes	1,067,143	1,129,932	(62,789)	-6%	1,111,608
Youth Passes	502,314	528,515	(26,201)	-5%	523,244
Senior Passes	162,387	162,555	(168)	0%	169,153
Mobility Passes	143,670	148,808	(5,138)	-3%	149,656
Day Passes	4,332	4,658	(326)	-7%	4,512
Downtown-Waterfront Shuttle	1,096,278	1,089,303	6,975	1%	1,100,848
UCSB Contract Fares	1,037,135	1,013,519	23,615	2%	1,023,825
SBCC Contract Fares	844,961	885,612	(40,651)	-5%	880,168
Special Event Fares & Amtrak	110,000	120,000	(10,000)	-8%	108,632
City My Ride Program	35,000	35,000	0	0%	31,452
<i>Subtotal</i>	<u>\$7,078,236</u>	<u>\$7,223,874</u>	<u>(\$145,638)</u>	-2%	<u>\$7,264,574</u>
<i>NON-TRANSPORTATION INCOME</i>					
Advertising on Buses	\$550,000	\$600,000	(\$50,000)	-8%	557,745
Interest on Investments	67,910	22,910	45,000	196%	24,224
Lease & Other Income	218,486	223,270	(4,784)	-2%	219,186
<i>Subtotal</i>	<u>\$836,396</u>	<u>\$846,180</u>	<u>(\$9,784)</u>	-1%	<u>\$801,155</u>
<i>GRANTS &amp; SUBSIDIES</i>					
TDA Sales Tax Revenue	\$7,771,309	\$7,460,309	\$311,000	4%	\$7,611,094
FTA Formula Assistance	5,081,813	5,081,813	0	0%	5,081,813
Property Tax Revenue	1,155,536	1,110,665	44,871	4%	1,132,878
Measure A	2,014,211	2,014,368	(157)	0%	2,014,368
State & Local Operating Assistance	1,210,376	1,413,778	(203,402)	-14%	1,276,642
<i>Subtotal</i>	<u>\$17,233,245</u>	<u>\$17,080,933</u>	<u>\$152,312</u>	1%	<u>\$17,116,795</u>
<i>Total Operating Revenue</i>	<u>\$25,147,876</u>	<u>\$25,150,987</u>	<u>(\$3,110)</u>	0%	<u>\$25,182,524</u>

**Operating Expense Summary**  
**Fiscal Year 2017-18**

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>ROUTE OPERATIONS</i>					
Drivers	\$11,729,256	\$11,564,989	\$164,268	1%	\$11,252,209
Dispatch & Supervision	789,377	658,731	130,645	20%	595,650
Hiring & Training	305,457	325,282	(19,825)	-6%	371,036
Risk & Safety	2,092,305	1,935,808	156,497	8%	2,306,638
Transportation Subsidies	869,058	851,100	17,958	2%	851,100
<i>Subtotal</i>	<u>\$15,785,453</u>	<u>\$15,335,910</u>	<u>\$449,543</u>	3%	<u>\$15,376,632</u>
<i>VEHICLE MAINTENANCE</i>					
Mechanics	\$1,269,331	\$1,191,370	\$77,962	7%	\$1,091,481
Cleaners & Fuelers	817,215	818,360	(1,145)	0%	835,746
Supervision	576,516	601,616	(25,100)	-4%	567,888
Vehicle Consumables	1,665,892	1,765,873	(99,981)	-6%	1,694,527
Bus Parts & Supplies	819,000	765,924	53,076	7%	811,169
Vendor Services	57,500	60,000	(2,500)	-4%	23,035
Risk & Safety	47,850	73,500	(25,650)	-35%	72,259
<i>Subtotal</i>	<u>\$5,253,304</u>	<u>\$5,276,642</u>	<u>(\$23,338)</u>	0%	<u>\$5,096,104</u>
<i>PASSENGER ACCOMMODATIONS</i>					
Passenger Facilities	\$532,848	\$601,296	(\$68,448)	-11%	\$552,429
Transit Development	388,762	328,152	60,610	18%	329,547
Promotion & Information	443,520	377,807	65,712	17%	299,205
Fare Revenue Collection	255,846	287,133	(31,287)	-11%	252,396
<i>Subtotal</i>	<u>\$1,620,975</u>	<u>\$1,594,388</u>	<u>\$26,587</u>	2%	<u>\$1,433,577</u>
<i>GENERAL OVERHEAD</i>					
Finance	\$605,017	\$556,750	\$48,267	9%	\$556,630
Personnel	169,454	166,672	2,782	2%	165,978
Utilities & Communication	219,501	227,000	(7,499)	-3%	216,783
Operating Facilities	340,709	339,010	1,699	1%	322,723
District Administration	1,608,353	1,528,909	79,443	5%	1,521,439
<i>Subtotal</i>	<u>\$2,943,033</u>	<u>\$2,818,342</u>	<u>\$124,691</u>	4%	<u>\$2,783,553</u>
<i>Total Operating Cost</i>	<u><u>\$25,602,765</u></u>	<u><u>\$25,025,283</u></u>	<u><u>\$577,483</u></u>	2%	<u><u>\$24,689,866</u></u>

**Route Operations  
Fiscal Year 2017-18**

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>DRIVERS</i>					
Scheduled	\$6,791,024	\$6,612,398	\$178,626	3%	\$6,441,216
Scheduled Overtime	316,079	334,336	(18,257)	-5%	388,119
Unscheduled Pay	258,532	341,430	(82,899)	-24%	303,157
Driver Lite Duty	7,853	7,521	333	4%	8,790
FICA	640,412	633,042	7,370	1%	614,329
Pension	941,216	927,885	13,332	1%	871,160
Health	1,707,326	1,660,881	46,445	3%	1,626,264
Sick Pay	199,355	167,293	32,062	19%	201,040
Vacation Pay	524,999	531,027	(6,028)	-1%	478,963
Holiday Pay	247,379	253,344	(5,965)	-2%	225,973
Other Paid Leave	26,178	27,708	(1,531)	-6%	25,525
Unemployment Insurance	33,904	33,124	780	2%	34,976
Uniforms	35,000	35,000	0	0%	32,696
<i>Drivers Subtotal</i>	<u>\$11,729,256</u>	<u>\$11,564,989</u>	<u>\$164,268</u>	1%	<u>\$11,252,209</u>
<i>DISPATCH &amp; SUPERVISION</i>					
Supervisors	\$323,915	\$223,947	\$99,968	45%	\$196,345
Staff	172,224	170,880	1,344	1%	169,444
FICA	43,495	36,119	7,376	20%	33,144
Pension	38,053	37,470	583	2%	40,093
Health	137,658	111,748	25,910	23%	88,371
Sick Pay	7,370	4,177	3,193	76%	6,309
Vacation Pay	34,000	31,766	2,234	7%	35,241
Holiday Pay	19,350	17,037	2,313	14%	14,269
Other Paid Leave	11,708	24,336	(12,627)	-52%	11,003
Unemployment Insurance	1,603	1,252	352	28%	1,431
	<u>\$789,377</u>	<u>\$658,731</u>	<u>\$130,645</u>	20%	<u>\$595,650</u>
<i>HIRING &amp; TRAINING</i>					
Staff	\$35,252	\$47,421	(\$12,169)	-26%	\$36,387
Student Drivers	36,905	36,606	299	1%	113,376
Existing Drivers/Supers	128,894	135,204	(6,310)	-5%	116,105
FICA	16,246	17,606	(1,360)	-8%	13,316
Pension	10,731	10,478	253	2%	10,511
Health	24,348	23,832	515	2%	25,232
Sick Pay	1,961	2,261	(300)	-13%	1,980
Vacation Pay	5,290	4,542	747	16%	7,436
Holiday Pay	3,345	3,415	(70)	-2%	3,804
Other Paid Leave	713	694	18	3%	1,124
Unemployment Insurance	113	112	1	1%	780
Medical Exams & License Fees	25,600	27,050	(1,450)	-5%	33,077
Employment Advertising	6,000	6,000	0	0%	6,773
Training, Travel & Meetings	10,060	10,060	0	0%	1,134
<i>Hiring &amp; Training Subtotal</i>	<u>\$305,457</u>	<u>\$325,282</u>	<u>(\$19,825)</u>	-6%	<u>\$371,036</u>



**Route Operations  
Fiscal Year 2017-18**

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>RISK &amp; SAFETY</i>					
<i>Wages &amp; Benefits</i>					
Staff	\$147,331	\$139,281	\$8,050	6%	\$141,885
Supervisors	304,753	298,796	5,957	2%	281,299
Driver Accident Pay	1,832	1,755	78	4%	2,015
FICA	40,871	38,445	2,426	6%	39,807
Pension	49,398	48,598	799	2%	47,385
Health	96,778	94,293	2,485	3%	89,247
Sick Pay	5,623	6,159	(535)	-9%	7,495
Vacation Pay	34,018	33,274	744	2%	39,900
Holiday Pay	16,428	18,095	(1,667)	-9%	15,904
Other Paid Leave	24,273	5,184	19,089	368%	27,189
Unemployment Insurance	1,459	1,445	14	1%	1,808
<b>Wages &amp; Benefits Subtotal</b>	<b>\$722,764</b>	<b>\$685,324</b>	<b>\$37,440</b>	<b>5%</b>	<b>\$693,934</b>
<i>Public Liability</i>					
Professional Services	\$112,585	\$250,000	(\$137,415)	-55%	\$350,000
Insurance	270,138	264,733	5,405	2%	264,233
Current Year Incident Payouts	50,000	75,000	(25,000)	-33%	13,061
Current Year Incident Reserves	100,000	150,000	(50,000)	-33%	20,000
Prior Years Incident Payouts	125,000	200,000	(75,000)	-38%	190,355
Change in Prior Years Reserves	(125,000)	(145,000)	20,000	-14%	(185,000)
<b>Public Liability Subtotal</b>	<b>\$532,723</b>	<b>\$794,734</b>	<b>(\$262,011)</b>	<b>-33%</b>	<b>\$652,649</b>
<i>Workers' Compensation</i>					
Professional Services	\$251,745	\$225,000	\$26,745	12%	\$279,880
Insurance	87,400	80,750	6,650	8%	76,649
Current Year Incident Payouts	125,000	100,000	25,000	25%	31,040
Current Year Incident Reserves	300,000	300,000	0	0%	575,005
Prior Years Incident Payouts	350,000	300,000	50,000	17%	475,000
Change in Prior Years Reserves	(300,000)	(575,000)	275,000	-48%	(500,000)
Miscellaneous Risk & Safety	22,673	25,000	(2,327)	-9%	22,480
<b>Workers' Compensation Subtotal</b>	<b>\$836,818</b>	<b>\$455,750</b>	<b>\$381,068</b>	<b>84%</b>	<b>\$960,055</b>
<b>Risk &amp; Safety Subtotal</b>	<b>\$2,092,305</b>	<b>\$1,935,808</b>	<b>\$156,497</b>	<b>8%</b>	<b>\$2,306,638</b>
<i>TRANSPORTATION SUBSIDIES</i>					
ADA Paratransit Service	\$869,058	\$851,100	\$17,958	2%	\$851,100
<b>Transportation Subsidies Subtotal</b>	<b>\$869,058</b>	<b>\$851,100</b>	<b>\$17,958</b>	<b>2%</b>	<b>\$851,100</b>
<b>TOTAL ROUTE OPERATIONS</b>	<b>\$15,785,453</b>	<b>\$15,335,910</b>	<b>\$449,543</b>	<b>3%</b>	<b>\$15,376,632</b>

**Vehicle Maintenance Detail**  
**Fiscal Year 2017-18**

	FY 17-18 Budget	FY 16-17 Budget	Percent Change	Percent Change	FY 16-17 Estimate
<b>MECHANICS</b>					
Mechanics	\$729,534	\$666,661	\$62,872	9%	\$646,751
Mechanic Labor Capitalization	(29,955)	(30,208)	253	-1%	(20,045)
Mechanics-OT	36,962	37,182	(219)	-1%	40,243
FICA	71,803	66,934	4,869	7%	59,171
Pension	91,393	86,408	4,986	6%	78,035
Health	164,251	160,077	4,174	3%	149,681
Sick Pay	23,711	19,436	4,276	22%	22,897
Vacation Pay	116,938	116,491	447	0%	51,980
Holiday Pay	29,955	33,668	(3,713)	-11%	26,820
Other Paid Leave	1,498	1,510	(13)	-1%	4,219
Unemployment Insurance	2,941	2,912	29	1%	2,546
Uniforms	16,000	16,000	0	0%	15,984
Tool Allowance	14,300	14,300	0	0%	13,200
<i>Mechanics Subtotal</i>	<u>\$1,269,331</u>	<u>\$1,191,370</u>	<u>\$77,962</u>	7%	<u>\$1,091,481</u>
<b>CLEANERS &amp; FUELERS</b>					
Service Workers	\$457,799	\$452,108	\$5,691	1%	\$463,793
FICA	40,000	39,775	225	1%	39,336
Pension	73,364	72,279	1,085	2%	71,867
Health	168,458	173,100	(4,641)	-3%	180,053
Sick Pay	10,707	10,494	212	2%	17,615
Vacation Pay	32,072	31,435	637	2%	28,283
Holiday Pay	20,292	23,928	(3,636)	-15%	17,654
Other Paid Leave	2,012	1,972	40	2%	479
Unemployment Insurance	2,743	2,940	(197)	-7%	2,342
Uniforms	6,552	7,098	(546)	-8%	8,752
Medical Exams & License Fees	3,216	3,230	(14)	0%	5,572
<i>Cleaners &amp; Fuelers Subtotal</i>	<u>\$817,215</u>	<u>\$818,360</u>	<u>(\$1,145)</u>	0%	<u>\$835,746</u>
<b>SUPERVISION</b>					
Staff	\$351,793	\$360,204	(\$8,411)	-2%	\$345,549
FICA	29,691	30,761	(1,070)	-3%	30,531
Pension	38,812	38,983	(171)	0%	34,701
Health	102,862	112,520	(9,658)	-9%	97,937
Sick Pay	3,678	3,759	(81)	-2%	4,803
Vacation Pay	19,546	20,353	(807)	-4%	24,869
Holiday Pay	12,586	16,492	(3,906)	-24%	13,228
Other Paid Leave	2,517	3,298	(781)	-24%	9,036
Unemployment Insurance	905	1,120	(215)	-19%	1,596
Training, Travel & Meetings	14,125	14,125	0	0%	5,637
<i>Supervision Subtotal</i>	<u>\$576,516</u>	<u>\$601,616</u>	<u>(\$25,100)</u>	-4%	<u>\$567,888</u>
<b>VEHICLE CONSUMABLES</b>					
Bus Fuel	\$1,307,192	\$1,385,173	(\$77,981)	-6%	\$1,349,872
Oil & Lubricants	115,000	125,000	(10,000)		\$113,877
Electric Vehicle Power	72,000	84,000	(12,000)	-14%	61,551
Tire Lease	161,700	161,700	0	0%	159,853
Tire Mounting	10,000	10,000	0	0%	9,373
<i>Vehicle Consumables Subtotal</i>	<u>\$1,665,892</u>	<u>\$1,765,873</u>	<u>(\$99,981)</u>	-6%	<u>\$1,694,527</u>

**Vehicle Maintenance Detail  
Fiscal Year 2017-18**

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>VEHICLE PARTS &amp; SUPPLIES</i>					
Bus Parts Issued	\$725,000	\$669,924	\$55,076	8%	\$725,551
Shop Supplies	70,000	70,000	0	0%	64,367
Bus Servicing Supplies	10,000	12,000	(2,000)	-17%	7,745
Hazmat Disposal & Compliance	14,000	14,000	0	0%	13,507
<i>Vehicle Part &amp; Supplies Subtotal</i>	<u>\$819,000</u>	<u>\$765,924</u>	<u>\$53,076</u>	7%	<u>\$811,169</u>
<i>VENDOR BUS REPAIRS</i>					
Vandalism Repairs	\$5,000	\$7,500	(\$2,500)	-33%	\$2,463
Accident Damage Repairs	5,000	7,500	(2,500)	-33%	856
Accident Claim Collections	(2,500)	(5,000)	2,500	-50%	(19,588)
Other Vendor Repairs	50,000	50,000	0	0%	39,304
<i>Vendor Bus Repairs Subtotal</i>	<u>\$57,500</u>	<u>\$60,000</u>	<u>(\$2,500)</u>	-4%	<u>\$23,035</u>
<i>RISK &amp; SAFETY</i>					
Workers' Comp Services	\$13,250	\$15,000	(\$1,750)	-12%	\$19,003
Workers' Comp Insurance	4,600	8,500	(3,900)	-46%	7,591
Current Year Incident Payouts	10,000	15,000	(5,000)	-33%	5,000
Current Year Incident Reserves	20,000	25,000	(5,000)	-20%	2,500
Prior Years Incident Payouts	150,000	15,000	135,000	900%	17,395
Change in Prior Years Reserves	(150,000)	(5,000)	(145,000)	2900%	20,771
<i>Risk &amp; Safety Subtotal</i>	<u>\$47,850</u>	<u>\$73,500</u>	<u>(\$25,650)</u>	-35%	<u>\$72,259</u>
<b>TOTAL VEHICLE MAINTENANCE</b>	<u><u>\$5,253,304</u></u>	<u><u>\$5,276,642</u></u>	<u><u>(\$23,338)</u></u>	0%	<u><u>\$5,096,104</u></u>

**Passenger Accommodations Detail**  
**Fiscal Year 2017-18**

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>PASSENGER FACILITIES</i>					
<i>Wages &amp; Benefits</i>					
Supervisors	\$126,542	\$186,493	(\$59,951)	-32%	\$169,799
TC Advisors	122,571	101,898	20,673	20%	91,296
Staff	39,808	40,525	(717)	-2%	41,847
FICA	24,591	28,050	(3,459)	-12%	25,992
Pension	26,491	26,194	296	1%	19,944
Health	114,695	108,468	6,227	6%	90,399
Sick Pay	3,824	3,968	(144)	-4%	10,328
Vacation Pay	15,527	19,692	(4,164)	-21%	31,783
Holiday Pay	11,246	12,311	(1,065)	-9%	8,688
Other Paid Leave	1,929	1,778	152	9%	2,667
Unemployment Insurance	1,015	1,453	(438)	-30%	2,752
<i>Wages &amp; Benefits Subtotal</i>	<u>\$488,240</u>	<u>\$530,830</u>	<u>(\$42,590)</u>	-8%	<u>\$495,493</u>
<i>Buildings &amp; Grounds</i>					
TC Contract Maintenance	\$31,717	\$47,576	(\$15,859)	-33%	\$37,756
TC Repairs/Supplies	5,000	10,000	(5,000)	-50%	13,997
Bus Stop Repairs/Supplies	5,000	10,000	(5,000)	-50%	2,832
TC Property Insurance	2,891	2,891	0	0%	2,351
<i>Buildings &amp; Grounds Subtotal</i>	<u>\$44,608</u>	<u>\$70,467</u>	<u>(\$25,859)</u>	-37%	<u>\$56,936</u>
<i>Passenger Facilities Subtotal</i>	<u>\$532,848</u>	<u>\$601,296</u>	<u>(\$68,448)</u>	-11%	<u>\$552,429</u>
<i>TRANSIT DEVELOPMENT</i>					
Staff	\$185,343	\$193,954	(\$8,611)	-4%	\$188,587
FICA	16,406	17,116	(711)	-4%	17,896
Pension	21,445	22,374	(929)	-4%	23,709
Health	47,778	52,228	(4,450)	-9%	51,711
Sick Pay	6,256	6,219	38	1%	9,421
Vacation Pay	15,047	14,108	939	7%	18,696
Holiday Pay	8,314	8,492	(178)	-2%	8,386
Other Paid Leave	2,494	2,876	(382)	-13%	9,401
Unemployment Insurance	679	784	(105)	-13%	840
Training, Travel & Meetings	5,000	5,000	0	0%	900
Planning Services & Supplies	80,000	5,000	75,000	1500%	0
<i>Transit Development Subtotal</i>	<u>\$388,762</u>	<u>\$328,152</u>	<u>\$60,610</u>	18%	<u>\$329,547</u>

**Passenger Accommodations Detail  
Fiscal Year 2017-18**

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>PROMOTION &amp; INFORMATION</i>					
Wages & Benefits					
Staff	\$117,641	\$99,994	\$17,647	18%	\$95,763
FICA	10,097	8,818	1,278	14%	8,367
Pension	13,198	11,527	1,671	14%	7,335
Health	20,342	18,933	1,409	7%	18,950
Sick Pay	2,919	2,963	(44)	-1%	3,987
Vacation Pay	5,076	4,261	816	19%	6,893
Holiday Pay	5,076	6,442	(1,365)	-21%	4,620
Other Paid Leave	1,269	1,610	(341)	-21%	1,675
Unemployment Insurance	452	560	(108)	-19%	743
Wages & Benefits Subtotal	\$176,070	\$155,107	\$20,962	14%	\$148,331
Outside Services					
Media Ad Placement	15,000	5,000	10,000	200%	3,333
Brochures & Publications	19,200	9,200	10,000	109%	10,092
Market Research	8,500	0	8,500	100%	0
Promotional Giveaways	15,000	5,000	10,000	200%	0
Bus/Shuttle Decorations	1,500	5,000	(3,500)	-70%	217
Other Promotions	94,300	66,300	28,000	42%	29,800
Route Schedules & Information	109,950	126,200	(16,250)	-13%	103,920
Training, Travel & Meetings	4,000	6,000	(2,000)	-33%	3,511
Outside Services Subtotal	\$267,450	\$222,700	\$44,750	20%	\$150,873
<i>Promotion &amp; Information Subtotal</i>	<u>\$443,520</u>	<u>\$377,807</u>	<u>\$65,712</u>	17%	<u>\$299,205</u>
<i>FARE REVENUE COLLECTION</i>					
Wages & Benefits					
Staff	\$108,288	\$106,148	\$2,140	2%	\$95,237
FICA	9,787	9,596	192	2%	8,612
Pension	12,794	12,544	251	2%	11,419
Health	54,872	56,110	(1,239)	-2%	56,631
Sick Pay	3,331	3,286	46	1%	6,528
Vacation Pay	9,326	9,143	183	2%	11,187
Holiday Pay	4,663	4,572	91	2%	2,773
Other Paid Leave	2,331	2,286	46	2%	1,120
Unemployment Insurance	452	448	4	1%	560
Wages & Benefits Subtotal	\$205,846	\$204,133	\$1,713	1%	\$194,067
Outside Services					
Fare Processing	\$15,000	\$15,000	\$0	0%	\$13,164
Farebox Parts & Repairs	15,000	38,000	(23,000)	-61%	26,499
Tickets, Tokens & Transfers	20,000	30,000	(10,000)	-33%	18,667
Outside Services Subtotal	\$50,000	\$83,000	(\$33,000)	-40%	\$58,329
<i>Fare Revenue Collection Subtotal</i>	<u>\$255,846</u>	<u>\$287,133</u>	<u>(\$31,287)</u>	-11%	<u>\$252,396</u>
<b>TOTAL PSNGR ACCOMMODATIONS</b>	<u><b>\$1,620,975</b></u>	<u><b>\$1,594,388</b></u>	<u><b>\$26,587</b></u>	2%	<u><b>\$1,433,577</b></u>

**General Overhead Detail**  
**Fiscal Year 2016-17**

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>FINANCE</i>					
Staff	\$338,415	\$317,748	\$20,667	7%	\$314,845
FICA	29,670	27,989	1,682	6%	28,087
Pension	38,785	36,586	2,198	6%	36,659
Health	82,699	83,303	(604)	-1%	81,935
Sick Pay	6,960	6,478	482	7%	7,231
Vacation Pay	22,344	21,906	438	2%	24,743
Holiday Pay	14,001	13,726	275	2%	13,621
Other Paid Leave	6,125	6,005	120	2%	6,176
Unemployment Insurance	1,018	1,008	10	1%	1,335
Financial Audit Services	65,000	42,000	23,000	55%	42,000
<i>Finance Subtotal</i>	<u>\$605,017</u>	<u>\$556,750</u>	<u>\$48,267</u>	9%	<u>\$556,630</u>
<i>PERSONNEL</i>					
Staff	\$101,909	\$100,909	\$1,000	1%	\$101,727
FICA	8,735	8,495	240	3%	8,500
Pension	11,419	11,105	314	3%	10,588
Health	34,273	35,191	(917)	-3%	34,980
Sick Pay	1,217	1,141	76	7%	1,495
Vacation Pay	4,392	3,089	1,303	42%	1,699
Holiday Pay	4,780	4,271	509	12%	4,211
Other Paid Leave	2,390	2,135	254	12%	2,359
Unemployment Insurance	339	336	3	1%	420
<i>Personnel Subtotal</i>	<u>\$169,454</u>	<u>\$166,672</u>	<u>\$2,782</u>	2%	<u>\$165,978</u>
<i>UTILITIES</i>					
Telephone & Data Communicati	\$72,140	\$62,000	\$10,140	16%	\$72,883
Power, Water & Refuse	135,000	150,000	(15,000)	-10%	132,960
Two-Way Radios	12,360	15,000	(2,640)	-18%	10,940
<i>Utilities Subtotal</i>	<u>\$219,501</u>	<u>\$227,000</u>	<u>(\$7,499)</u>	-3%	<u>\$216,783</u>
<i>OPERATING FACILITIES</i>					
<i>Wages &amp; Benefits</i>					
Staff	\$57,022	\$55,898	\$1,123	2%	\$55,237
FICA	4,921	4,825	96	2%	5,015
Pension	6,433	6,307	126	2%	6,619
Health	10,171	10,717	(546)	-5%	10,393
Sick Pay	872	861	11	1%	1,653
Vacation Pay	3,711	3,638	73	2%	6,404
Holiday Pay	2,474	2,426	48	2%	2,407
Other Paid Leave	247	243	5	2%	0
Unemployment Insurance	226	224	2	1%	280
<i>Wages &amp; Benefits Subtotal</i>	<u>\$86,077</u>	<u>\$85,138</u>	<u>\$939</u>	1%	<u>\$88,008</u>

**General Overhead Detail**  
**Fiscal Year 2016-17**

	FY 17-18 Budget	FY 16-17 Budget	Budget Change	Percent Change	FY 16-17 Estimate
<i>OPERATING FACILITIES (cont'd)</i>					
Service Vehicles					
Parts & Repairs	\$20,000	\$24,660	(\$4,660)	-19%	\$29,204
Fuel	50,000	50,000	0	0%	46,433
Service Vehicles Subtotal	\$70,000	\$72,000	(\$4,660)	-6%	\$75,637
Buildings & Grounds					
Contract Maintenance	\$83,360	\$78,360	\$5,000	6%	\$81,807
Overpass Site	5,500	7,500	(2,000)	-27%	103
B&G Repairs/Supplies	40,000	42,000	(2,000)	-5%	28,711
Property Insurance	55,771	51,352	4,419	9%	48,457
Buildings & Grounds Subtotal	\$184,631	\$179,212	\$5,419	3%	\$159,077
<i>Operating Facilities Subtotal</i>	<u>\$340,709</u>	<u>\$336,350</u>	<u>\$1,699</u>	1%	<u>\$322,723</u>
<i>DISTRICT ADMINISTRATION</i>					
Wages & Benefits					
Staff	\$558,463	\$514,501	\$43,962	9%	\$518,125
Bus Ad Revenue Placement	2,264	0	2,264	#DIV/0!	148
FICA	49,964	46,363	3,601	8%	42,052
Pension	65,312	60,605	4,707	8%	61,501
Health	147,455	130,879	16,576	13%	127,535
Sick Pay	10,467	10,390	77	1%	11,780
Vacation Pay	54,005	51,306	2,699	5%	46,528
Holiday Pay	23,222	22,967	255	1%	22,643
Other Paid Leave	6,967	6,890	77	1%	9,393
Unemployment Insurance	1,697	1,456	241	17%	1,820
Wages & Benefits Subtotal	\$919,814	\$845,357	\$74,457	9%	\$841,526
Administrative Services					
Directors Fees	\$12,600	\$12,600	\$0	0%	\$8,960
Public Officials Insurance	67,040	62,752	4,288	7%	61,429
Legal Counsel	85,000	75,000	10,000	13%	97,552
Pension Administration	2,500	2,700	(200)	-7%	0
Office Equipment Maintenance	165,000	164,048	952	1%	159,141
Miscellaneous Services	93,398	97,398	(4,000)	-4%	87,848
Office & Computer Supplies	45,000	50,000	(5,000)	-10%	42,589
Dues & Subscriptions	55,000	50,000	5,000	10%	56,552
Conferences Meetings Training	19,000	17,698	1,302	7%	17,847
Employee Relations	20,000	18,500	1,500	8%	25,508
Retiree Health Insurance	60,000	63,481	(3,481)	-5%	57,679
Mandated Fees & Permits	40,000	34,000	6,000	18%	45,397
Bus Ad Revenue Program	9,000	10,375	(1,375)	-13%	7,976
Miscellaneous Expenses	15,000	25,000	(10,000)	-40%	11,435
Administrative Services Subtotal	\$688,538	\$683,552	\$4,986	1%	\$679,913
<i>District Administration Subtotal</i>	<u>\$1,608,353</u>	<u>\$1,528,909</u>	<u>\$79,443</u>	5%	<u>\$1,521,439</u>
<b>TOTAL GENERAL OVERHEAD</b>	<u>\$2,943,033</u>	<u>\$2,815,682</u>	<u>\$124,691</u>	4%	<u>\$2,783,553</u>

**Capital Project Detail**  
**Fiscal Year 2017-18**

	FY 17-18 Budget	FY 16-17 Budget	Change (\$)	New Funding	Carryover Funding
<i>REVENUE VEHICLE PURCHASES</i>					
40' Diesel Buses (10)	\$5,000,000	\$1,425,000	\$3,575,000	\$5,000,000	\$0
40' Electric Buses (4)	2,000,000	0	2,000,000	2,000,000	0
30' Electric Buses (8)	3,100,000	3,100,000	0	0	3,100,000
30' Electric Buses-Capital Lease (6)	2,329,000	2,329,000	0	0	2,329,000
Paratransit Vans for Easy Lift (2)	0	100,000	(100,000)	0	0
Subtotal	<u>\$12,429,000</u>	<u>\$6,954,000</u>	<u>\$5,475,000</u>	<u>\$7,000,000</u>	<u>\$5,429,000</u>
<i>REVENUE VEHICLE IMPROVEMENTS</i>					
Bus Refurbishing	\$300,000	\$100,000	\$200,000	\$200,000	\$100,000
Diesel Fleet Drivetrains	200,000	185,000	15,000	200,000	0
Hybrid Bus Battery Replacements	450,000	100,000	350,000	350,000	100,000
EV Drivetrains & Chargers	0	40,000	(40,000)	0	0
Subtotal	<u>\$950,000</u>	<u>\$425,000</u>	<u>\$525,000</u>	<u>\$750,000</u>	<u>\$200,000</u>
<i>OPERATING FACILITIES</i>					
Canopy Improvements	\$0	\$733,000	(\$733,000)	\$0	\$0
Shop Structural & Roof Upgrades	225,000	225,000	0	150,000	75,000
Charging Infrastructure Upgrades	0	160,000	(160,000)	0	0
Security Upgrades	83,000	0	83,000	83,000	0
Operating Facilities Allowance	75,000	50,000	25,000	75,000	0
Calle Real Development	100,000	100,000	0	100,000	0
Subtotal	<u>\$483,000</u>	<u>\$1,268,000</u>	<u>(\$785,000)</u>	<u>\$408,000</u>	<u>\$75,000</u>
<i>PASSENGER FACILITIES</i>					
TC Renovation Project	\$2,400,000	\$1,900,000	\$500,000	\$500,000	\$1,900,000
Bus Stop Upgrades	600,000	580,000	20,000	20,000	580,000
Subtotal	<u>\$3,000,000</u>	<u>\$2,480,000</u>	<u>\$520,000</u>	<u>\$520,000</u>	<u>\$2,480,000</u>
<i>INTELLIGENT TRANSPORTATION SYSTEMS</i>					
AVL Project (AIM)	\$150,000	\$2,150,000	(\$2,000,000)	\$150,000	\$0
Advanced Fare Collection System	0	1,000,000	(1,000,000)	0	0
Smartcard Project	150,000	985,000	(835,000)	0	150,000
Subtotal	<u>\$300,000</u>	<u>\$4,135,000</u>	<u>(\$3,835,000)</u>	<u>\$150,000</u>	<u>\$150,000</u>
<i>INFORMATION SYSTEMS</i>					
Fuel & Mileage Monitoring System	\$150,000	\$75,000	\$75,000	\$75,000	\$75,000
Software Systems Upgrades	175,000	35,000	140,000	175,000	0
IT Infrastructure Allowance	50,000	75,000	(25,000)	50,000	0
Subtotal	<u>\$375,000</u>	<u>\$185,000</u>	<u>\$190,000</u>	<u>\$300,000</u>	<u>\$75,000</u>
<i>OTHER EQUIPMENT</i>					
Shop Equipment Allowance	\$75,000	\$75,000	\$0	\$75,000	\$0
Service Vehicles	200,000	100,000	100,000	\$100,000	\$100,000
Fare Collection & Radio Allowance	25,000	75,000	(50,000)	25,000	0
Office Furniture Allowance	25,000	25,000	0	25,000	0
Subtotal	<u>\$325,000</u>	<u>\$275,000</u>	<u>\$50,000</u>	<u>\$225,000</u>	<u>\$100,000</u>
Total Capital Projects	<u>\$17,862,000</u>	<u>\$15,722,000</u>	<u>\$2,140,000</u>	<u>\$9,353,000</u>	<u>\$8,509,000</u>