



OPERATING & CAPITAL BUDGET

Fiscal Year 2018-19



Santa Barbara Metropolitan Transit District

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Message from the General Manager

Overview

The proposed operating budget for fiscal year 2018-19 requires the use of nearly \$500,000 or 1.9% of expenditures to balance. In March, staff issued a draft budget that forecasted the use of nearly a million dollars or 3.8% of the draft operating budget for fiscal year 2018-19. Staff has recommended temporarily freezing a few unfilled staff positions (e.g., Transit Development Manager and Purchasing Administrator). Additionally, in the proposed budget the full-time equivalent for maintenance personnel is held at current levels; staff had included an increase of one full-time equivalent in the aforementioned draft budget. Other cost saving adjustments to unfilled but budgeted positions are also proposed in the final budget. The Board's recent decision to further fund the OPEB Trust, dealing with retiree health insurance commitments, and begin paying expenditures from the trust also helped close the gap in the estimated structural imbalance in the operating budget. Staff is optimistic that outside funding will be acquired to assist with the development of a Facilities Master Plan. As such, the budgeted amount for this item was reduced to the equivalent of a local match.

Capital Budget

The capital budget will be strained in the long-term due to the expiration of Proposition 1B proceeds. Proposition 1B was enacted by the voters in 2006, and authorized the issuance of nearly \$20 billion in State general obligation bonds for specific transportation programs. Governor Schwarzenegger signed into law Senate Bill 88 (2007), which defines the role of the California Transportation Commission (CTC) as the administrative agency responsible for programming and allocating the majority of the funds. The CTC awarded MTD over \$16.8 million in capital grants—primarily for bus replacements—since the enactment of the program. This translates into approximately \$1.5 million annually.

In 2017, Governor Brown signed into law Senate Bill 1—Transportation funding resulting in a 12 cent increase in the base gasoline excise tax and a new transportation improvement fee based on vehicle value. The bulk of the revenue raised goes to various state and local road programs, as well as public transit, goods movement and traffic congestion. For MTD, the new funds are received as additional State Transit Assistance revenue. (SB1-STA) Typically, MTD allocates all State Transit Assistance (STA) funds for capital projects. This year is no exception, as the proposed capital budget includes all of the State Transit Assistance revenue including new SB1-STA proceeds. Ultimately, the new SB1-STA funds are critical to MTD to offset the conclusion of Proposition 1B-Transportation funding.

A few years ago, President Obama signed into law a five-year, \$305 billion highway bill "Fixing America's Surface Transportation Act," or the FAST Act. The FAST Act included an increase to the Small Transit Intensive Communities (STIC) program, to which MTD qualifies, commencing in fiscal year 2018-19. STIC proceeds are awarded to MTD via the Urbanized Area Formula Funding program (49 U.S.C. 5307). Funds from the 5307 Urbanized Area Formula Program have traditionally been budgeted by MTD for operating purposes.

Fiscal Strategy

Due in large part to the uncertainty surrounding the SB1-STA funds, staff proposes that approximately \$500,000 of the \$5.5 million expected in fiscal year 2018-19 federal 5307 Urbanized Area Formula funds be allocated to the capital budget. Doing so reduces, but does not entirely mitigate, the loss of SB1-STA

revenue within the capital budget if the voters of California decide to repeal the fees initiated as a result of the implementation of SB1.

However, if the voters reaffirm the SB1-STA fees in November, staff would likely recommend a mid-year budget revision to reallocate the \$500,000 in federal 5307 Urbanized Area Formula funds to the operating budget to offset the need to utilize cash reserves to balance the budget.

The Year in Review

As the fiscal year draws to an end and we begin to reflect on what has been accomplished, it is impossible to forget the catastrophes that struck our community. The Thomas Fire and subsequent debris flow left the South Coast damaged but its residents are determined to recover and flourish. While the Thomas Fire had our resources in a constant state of readiness throughout a good portion of December, the debris flow that occurred in January truly tested us as public servants. In short, we are very proud of our employee's response during those challenging times.

MTD's implementation of the First/Last Mile service to support the retimed Amtrak service has without a doubt been a success. Kudos to the Maintenance team for turning around five of the recently acquired SamTrans buses in short order and to the Planning and Operations departments for their work preparing and executing the service seamlessly.

Our introduction of new technologies is progressing well, as we are in the final testing phase of the new smartcard integration between the farebox system and UCSB/SBCC student identification cards. We are optimistic that registration stickers will soon be a thing of the past. The new mobile application providing our customers with real-time information regarding the status of buses has been very popular, with more than 7,800 downloads since its release last August.

Looking Ahead

Rising diesel fuel costs and the need for additional facility space are two of the more immediate operational issues facing MTD. Additionally, the potential for increased ADA paratransit related expenses over the next few years would also strain the operating budget. Finally, the rate at which ridership is declining has slowed but the negative impact on MTD's operating revenue is significant. As such, consideration of a future change to the fare policy is recommended early in calendar year 2019.

Jerry Estrada
General Manager

Santa Barbara Metropolitan Transit District

OPERATING & CAPITAL BUDGET

Fiscal Year 2018-19

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Executive Summary

The operating budget for the Santa Barbara Metropolitan Transit District (MTD) for fiscal year 2018-19 is \$26.3 million. With anticipated operating revenue of \$25.8 million, the use of \$484,000 in reserves is recommended to balance the budget. With a projected operating shortfall in FY17-18 as well, MTD is experiencing its first deficits in well over a decade. There are sufficient operating reserves to cover the funding gaps, if necessary, as well as *potential* new sources of operating revenue. The five-year budget projection does indicate growing future deficits assuming the continuance of recent growth patterns in revenues and expenses, including a status quo in the service level and fare structure. Yet, as discussed in the *Message from the General Manager*, the status quo is not likely with several upcoming decisions and outcomes—some under the control of MTD, some not—that will affect District finances.

Operating Budget
(\$ thousands)

	FY 18-19	FY 17-18	Change		FY 17-18	Change	
	Budget	Budget	Amt	%	Estimate	Amt	%
Revenue							
Fare Revenue	\$7,050	\$7,145	(\$95)	-1%	\$7,002	\$48	1%
LTF Sale Tax Revenue	7,921	7,771	150	2%	7,548	374	5%
FTA Operating Assistance	5,221	5,082	139	3%	5,215	6	0%
Measure A Sale Tax	2,091	2,014	77	4%	2,014	76	4%
State & Local Operating	1,440	1,260	180	14%	1,217	222	18%
Property Tax Revenue	1,180	1,213	(33)	-3%	1,192	(12)	-1%
Non-Transportation Income	948	836	111	13%	897	51	6%
	<u>\$25,850</u>	<u>\$25,322</u>	<u>\$528</u>	2%	<u>\$25,086</u>	<u>\$764</u>	3%
Expenses							
Route Operations	\$16,100	\$16,184	(\$84)	-1%	\$16,357	(\$256)	-2%
Vehicle Maintenance	5,659	5,184	476	9%	4,940	719	15%
Passenger Accommodations	1,534	1,464	69	5%	1,483	50	3%
General Overhead	3,041	2,928	112	4%	3,020	20	1%
	<u>\$26,333</u>	<u>\$25,760</u>	<u>\$574</u>	2%	<u>\$25,800</u>	<u>\$534</u>	2%
Net Surplus/(Deficit)	<u>(\$484)</u>	<u>(\$438)</u>			<u>(\$714)</u>		

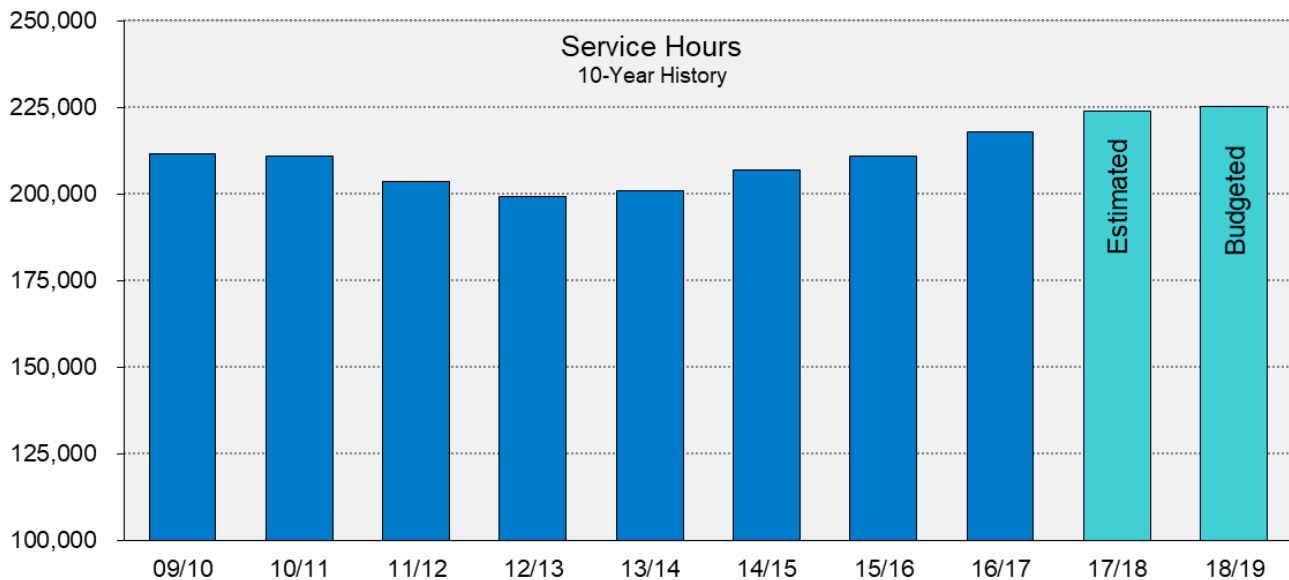
Some of the more prominent assumptions and factors influencing the FY18-19 budget include:

- ◆ Little change in the service level with reductions offsetting the new first/last mile service
- ◆ A projected bottoming out of the fare revenue reductions of recent years
- ◆ Continued difficulty in hiring and retaining drivers, mechanics, and other positions
- ◆ Proactive measures taken to reduce the initial budget deficit estimate
- ◆ An significant increase in the cost of fuel after a number of years of price declines

This budget report will provide a comprehensive overview of the budget for the next year as well as updates on capital funding, the five-year operating forecast and its effect on reserves, and status of any unfunded retirement benefit liabilities.

Transit Service Level

The approved service level for FY18-19 is relatively unchanged from the prior year with a decrease of 440 revenue hours. With the recent agreement with the Santa Barbara County Association of Governments (SBCAG) for the provision of Amtrak commuter train first/last mile service, the service level will actually increase to just over 225,000 revenue hours, a 0.5% rise from FY17-18. In the previous five years, the service level has expanded by 12%. This followed service reductions stemming from subsidy reductions during the Great Recession. A description of the route and service changes taking effect this August are presented below.



Line 15x Reroute – The SBCC/UCSB Express is being rerouted off of the Mesa and will circle around the Santa Barbara City College (SBCC) main campus. The route will travel in a consistent one-way direction all day from the University of California, Santa Barbara (UCSB) toward Isla Vista and Camino Real Marketplace, rather than reversing in the afternoon. Positive impacts include more direct access to SBCC all day; improved on-time performance; additional trips; and a simplification of the bus routing.

Lines 20/21x Changes – Line 21x typically has not operated as an express service recently due to increasing congestion on Highway 101. At times, a trip can take longer than on Line 20. Thus, Line 21x will be suspended until congestion during the peak commute hours through the Highway 101 between Carpinteria and Santa Barbara improves. The hours used on Line 21x will, for the most part, be used for improvements to Line 20 service: nearly every trip will be allowed 60 minutes to improve the on-time performance; and more consistent service will be provided during peak hours.

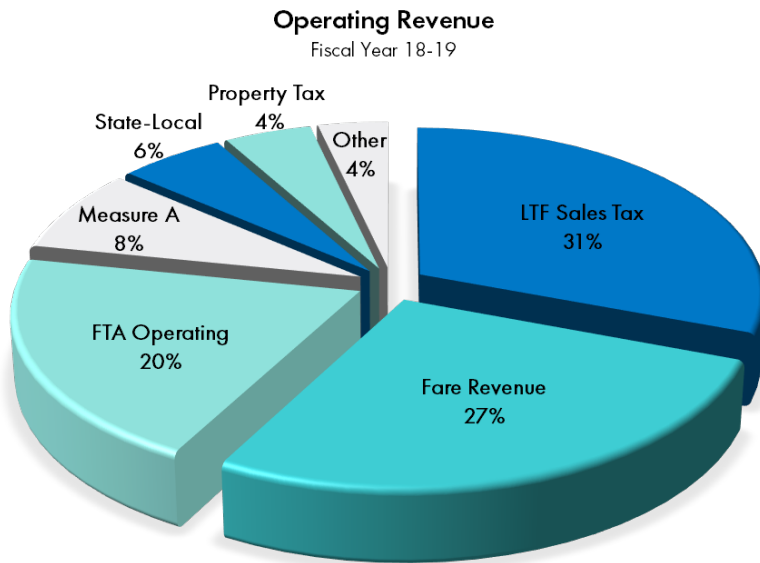
Change Description	Hours
Approved FY 2017-18 service level	224,084
Line 15x Reroute	-50
Lines 20 Enhancements	4,030
Line 21x Suspension	-4,130
First/Last Mile Service	1,552
Calendar & Full Year of PY Changes	-290
FY 2018-19 Service Level	225,196

First/Last Mile Service – Since the Amtrak trains were retimed last April to provide a more commuter-oriented service to the South Coast, MTD has provided a first/last mile shuttle service to assist commuters getting to and from their ultimate destinations. An agreement between SBCAG and MTD specifying the service provisions is effective with the outset of FY18-19.

Operating Budget

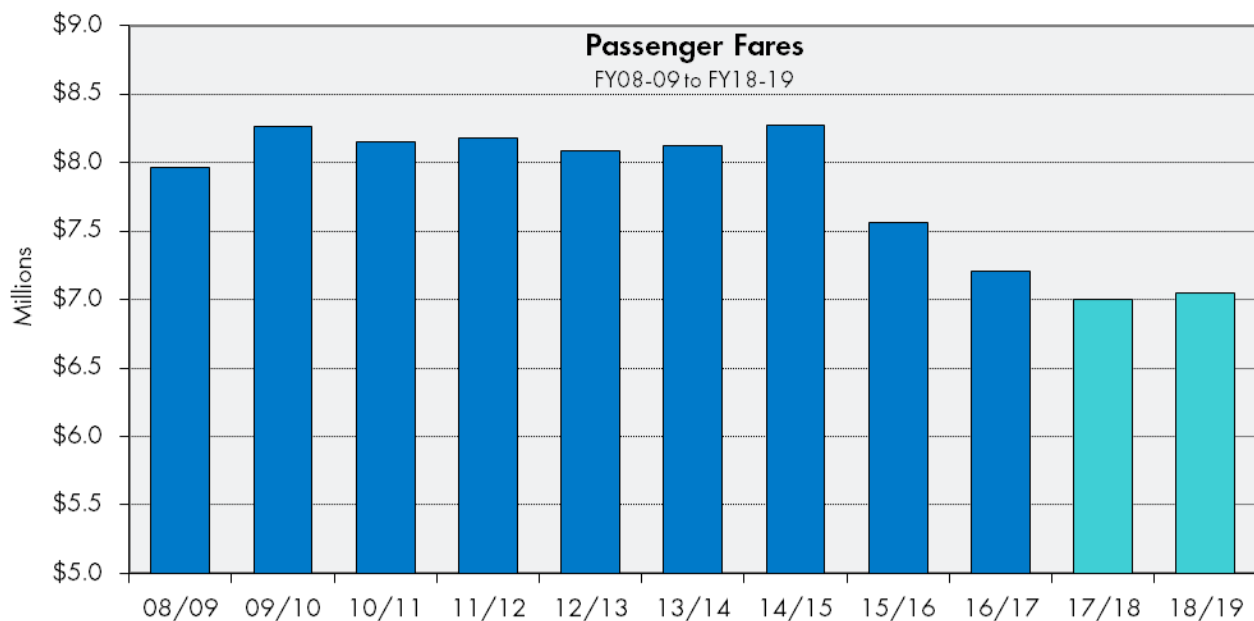
Operating Revenue

Revenue supporting MTD operations is projected at \$25.8 million for FY18-19. This figure is up 2% and 3%, respectively, from the budgeted and estimated revenue for the current year. Fares, LTF sales tax revenue, federal formula assistance and Measure A sales tax revenue provide the bulk of MTD’s operating revenue. These and other MTD funding sources are discussed below.



Fare Revenue – Fare revenue of \$7 million is budgeted for the coming year, a 1% reduction from the FY17-18 budget and 1% increase from the estimated fares for the year. Looking at fares tied directly to ridership, cash and pass sales revenue in FY18-19 is expected to hold to the prior year level. If achieved, it would represent an end to the decline begun in FY15-16, when such revenue fell by 13%. That was followed by a 9% drop last year, and an estimated 5% decline in FY17-18. This year’s improvement is in spite of lower fares in December and January due to the natural disasters.

Many reasons have been put forth to explain the falling ridership at MTD and elsewhere including increased personal vehicle ownership, falling gas prices, and a switch to alternative modes of transportation. It is likely a combination of these and perhaps other factors.¹ Regardless of the cause, it is welcome news that the decline in farebox revenue may be at an end.



¹ A recent study by the UCLA Institute of Transportation concluded that increased automobile ownership, primarily by low-income and foreign-born households, is the main cause in falling transit ridership in Southern California.

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). The DWS contract supports a reduced fare of 50 cents and was renewed last year for an additional five-year term. The annual contract price is modified in line with the changes in a specified consumer price index and will increase 3% to \$1.2 million for FY18-19.

Both UCSB and SBCC contract fares are based on a fixed fee per student. UCSB enrollment and the corresponding income have risen on average 2.5% over the past five years. A 2% increase is assumed for next year. SBCC enrollment continues to decline. The loss in revenue for FY17-18 was mitigated by a 3% fee increase last December. This month SBCC and the District renewed the student transit agreement for an additional two years with no change to the fee. For FY18-19, the budget assumes a leveling off of enrollment predicated on additional efforts by SBCC to attract students. If necessary, it can be updated in the budget revision.

Federal Operating Assistance – Section 5307 Federal Transit Administration (FTA) formula operating assistance is budgeted at \$5.2 million for FY18-19, which is essentially unchanged from the level recently approved in the federal budget for the current fiscal year. A portion of Section 5307 funds, referred to as STIC for “small transit intensive communities,” is available to transit operators that meet certain criteria measuring the efficiency and density of service. MTD has qualified for and received STIC funds since the program’s inception. The FAST Act authorizes a large increase in STIC in FY18-19. If funded, it would increase the District’s 5307 funding by approximately \$500,000. Prior to the current fiscal year, approved federal budgets have been below the authorized FAST Act funding levels. Because of uncertainty in being fully funded in FY18-19, the additional STIC funds have been programmed as capital revenue.²

LTF Sales Tax Revenue – Local Transportation Fund (LTF) sales tax revenue, MTD’s single largest operating subsidy, is projected at \$7.9 million for next year. This figure is provided by SBCAG for use in the LTF claim submittal. The amount is 2% more than the current year budget. However, LTF receipts in FY17-18 are expected to come in under budget as a result of the temporary downturn in economic activity stemming from the Thomas Fire and Montecito Debris Flow. With one month remaining in the fiscal year, LTF revenue is \$170,000 under budget.

Measure A Operating Assistance – MTD operating assistance provided by Measure A is budgeted at just under \$2.1 million for FY18-19. This estimate, provided by SBCAG, represents a 4% increase from the current year budget which is in line with the results to date. Through May 2018, Measure A receipts for FY17-18 have not reflected the downturn in South Coast economic activity from the recent natural disasters. Measure A is funded by the 2008 Santa Barbara County voter-approved ¼ percent sales tax supplement.

State & Local Operating Assistance – State and local operating assistance includes revenue provided to fund specific service enhancements or programs. More than 80% of the \$1.4 million budgeted for FY18-19 is from UCSB for the continued support of Line 28 and the Lines 12x/24x expanded service hours. New in FY18-19 is approximately \$200,000 provided by SBCAG for the first/last mile service previously discussed. State assistance includes \$50,000 from the Low-Carbon Transit Operations Program (LCTOP) and is allocated to support the second of three years of enhanced marketing activities.

Property Tax Revenue – Property tax revenue, providing nearly 5% of MTD’s operating income, is expected to be down from the current fiscal year due to the anticipated reduction in assessed

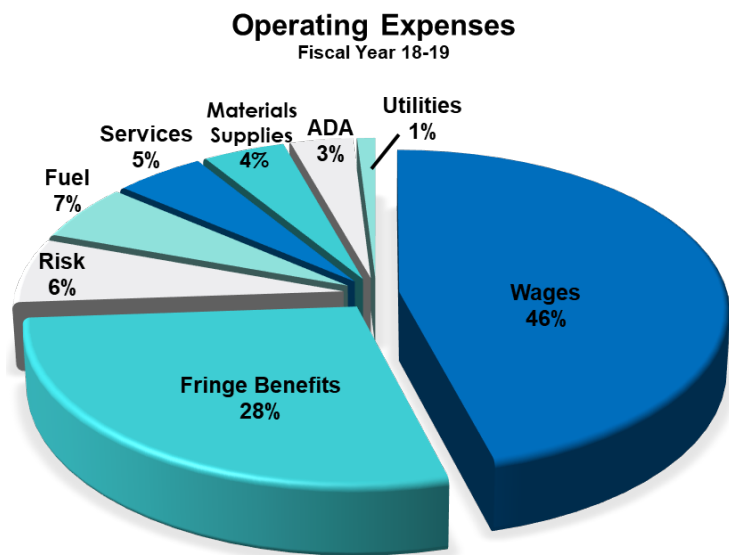
² FTA Section 5307 grant funds may be used for either operating or capital purposes. If necessary, the increased STIC funds can be reprogrammed back as operating revenue as part of the mid-year budget revision.

valuations. The County Auditor-Controller estimates that the effects of the natural disasters will reduce the District’s property tax allocation by 3% in FY18-19 (in FY17-18, the County expects only a 1% decline). This follows several years of strong growth in such income coinciding with increasing real property values. The recent UCSB Economic Summit publication projects that the real median home price will be up 6% this year, indicating that the escalation of real property valuations in the local market will continue.

Non-Transportation Income – Income of \$600,000 from advertisements on buses is predicted for FY18-19. This revenue source grew steadily for a number of years until a slight drop-off in FY16-17. This turned around in FY17-18 although, based on current ad space sales, little growth is expected in the coming year. The lease of the Overpass facility will expire at the end of April, 2019. The current tenant retains right of first refusal for an option to renew for up to an additional five-year term with the lease renegotiated to the current market rate. MTD is currently in discussions with the tenant regarding possible changes to the lease agreement. Interest income earned from working capital is expected to increase by 40% to \$115,000 in next fiscal year. Such an upsurge is due to rising interest rates as a reaction to increasing concerns with inflation.

Operating Expenses

For the 2018-19 fiscal year, operating expenses are budgeted at \$26.3 million, up 2% from both the budget and estimated outlays for FY17-18. With a relatively static service level, the growth in outlays is for the most part due to scheduled wage and benefit increases as well as the effects of inflation on the cost of goods and services. A number of actions were also taken to reduce the originally projected deficit for FY18-19. These and other atypical expense variances are discussed below.



Human Resources – As a service-oriented organization, wages and fringe benefits account for 74% of the District’s operating budget. The year-over-year growth in employee costs is expected to be under 3%. Following are some of the more relevant personnel cost considerations:

- ◆ There is little change in driver pay hours due to only a minor variation in the service level.
- ◆ The inability to hire and retain the desired number of drivers continues to affects costs including the need for more scheduled overtime; and premium pay for working off days.
- ◆ As budget balancing measures, the vacant transit development manager position will remain unfilled; and a purchasing administrator in the first budget draft has been removed.
- ◆ Maintenance supervision costs show a sharp rise because the maintenance manager position was vacant during FY17-18 and expected to be filled in the coming year. Also, FY18-19 will include a full year of the night superintendent position filled last January.
- ◆ Vacancies remain for a fare revenue clerk, a mechanic, and a service worker.

Risk-Related Costs – As risk-related costs can vary considerably from year to year due to the unpredictability of claims activity, the assumptions used in determining such costs are based on longer-term trends. As a case in point, expenses accrued for workers compensation in FY17-18 are up considerably relative to prior years due to increases in reserves for older claims. The budget for FY18-19 assumes a return to more typical levels seen over the last five years. With

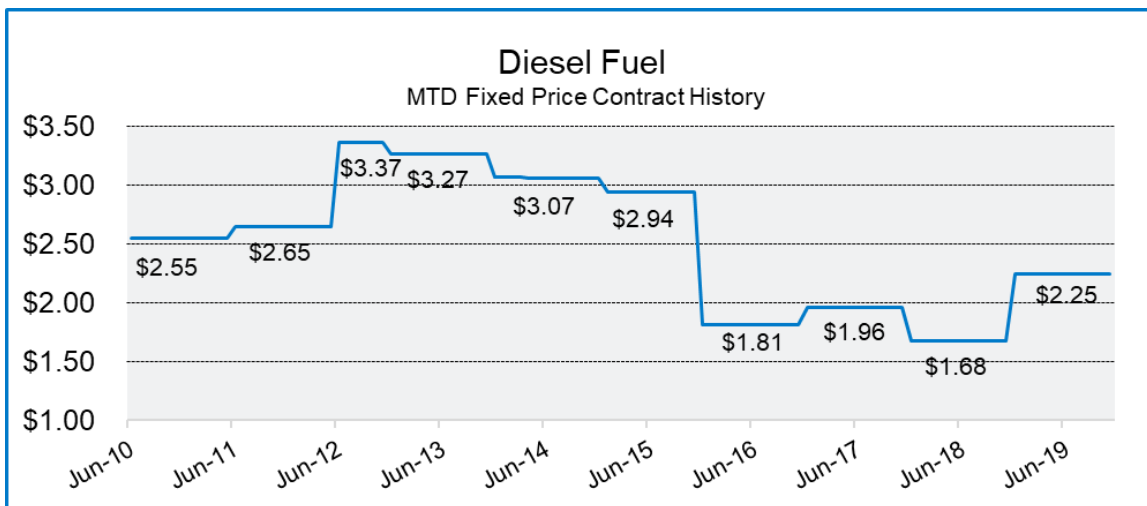
respect to liability costs, the video cameras recently installed on MTD buses have been of great assistance in reviewing claims. As the majority of the videos reviewed have exonerated MTD of culpability, there has been a reduction in claims which ultimately will be reflected in costs.

Risk-Related Costs

(\$ thousands)

	FY 18-19 Budget	FY 17-18 Estimate	FY 16-17 Actual	FY 15-16 Actual	FY 14-15 Actual	FY 13-14 Actual
Workers Comp Claims	\$505	\$960	\$428	\$470	\$195	\$753
WC Insurance & Services	413	411	431	329	349	262
Workers Comp Subtotal	\$918	\$1,371	\$858	\$799	\$544	\$1,015
Liability Claims	150	23	61	300	295	76
Liability Ins. & Services	424	439	588	422	404	333
Liability Subtotal	\$574	\$462	\$650	\$722	\$699	\$409
	<u>\$1,493</u>	<u>\$1,833</u>	<u>\$1,508</u>	<u>\$1,521</u>	<u>\$1,242</u>	<u>\$1,424</u>

Fuel, Power & Lubricants – Budgeted diesel fuel expenditures of \$1.5 million in FY18-19 are nearly \$200,000 above current year costs due to a sharp rise in oil prices over the past year. The current fixed price contract of \$1.68 per gallon is projected to increase to \$2.25 per gallon effective with the end of the existing contract this November. The full-year effect of such an escalation exceeds \$250,000. The increase is already being felt in the cost of engine oil, fossil fuel-based lubricants, and service vehicle gasoline.



Capital Budget

The capital budget for FY18-19 is \$18.7 million. Nearly three-quarters of the capital expenditures are for the replacement or improvement of buses. Facility and bus stop improvements make up most of the rest of the capital budget with the remaining 5% allocated to various needs for service vehicles, IT systems, shop equipment, etc. A detailed breakdown of projects is included in the tables at the end of report.

Capital Projects

Bus Replacements & Improvements – Most of the bus acquisitions are being carried over from FY17-18 due in part to long lead times and manufacturing delays. The 14 BYD 30-foot electric buses are expected to be accepted and paid for by the end of this calendar year. There was recent good news from Gillig that an opening in their manufacturing schedule will allow the build of the District’s order for ten 40-foot buses this February, six months ahead of schedule. The order for the acquisition of four 40-foot electric buses has not yet been placed, although MTD is prepared to move forward when the decision is made. The replacement of several hybrid bus battery packs begun this fiscal year will continue as the batteries near the end of their useful lives. The remainder of the improvements are for ongoing major component replacements, such as engines and transmissions. The state-mandated replacement of hybrid bus engines at 170,000 miles is nearing completion.

Passenger & Operating Facilities – The Transit Center renovation project appears to be on schedule for beginning construction this summer. The City of Santa Barbara has been very accommodating in providing temporary passenger facilities and bus loading zones as the Transit Center will be unavailable for use during construction. The budget includes upgrades to MTD bus stop facilities, including most of the older wooden shelters. A more piecemeal approach will be used as one project with varying shelter specifications in three jurisdictions has proven challenging. Given completion of the Olive canopy and charging upgrades in FY17-18, the planned earthquake retrofitting and roof replacement of the shop maintenance bays is expected to take place in the coming fiscal year.

Capital Projects by Category
(\$ thousands)

	FY 18-19 Budget	FY 17-18 Budget	FY 17-18 Estimate
Revenue Vehicle Purchases	\$12,979	\$14,879	\$1,900
Passenger Facilities	3,300	2,600	100
Operating Facilities	858	1,048	335
Revenue Vehicle Improvements	500	725	605
Intelligent Transportation Systems	500	600	550
Information Systems	225	325	205
Other Equipment	350	325	105
Total Capital Projects	\$18,712	\$20,502	\$3,800

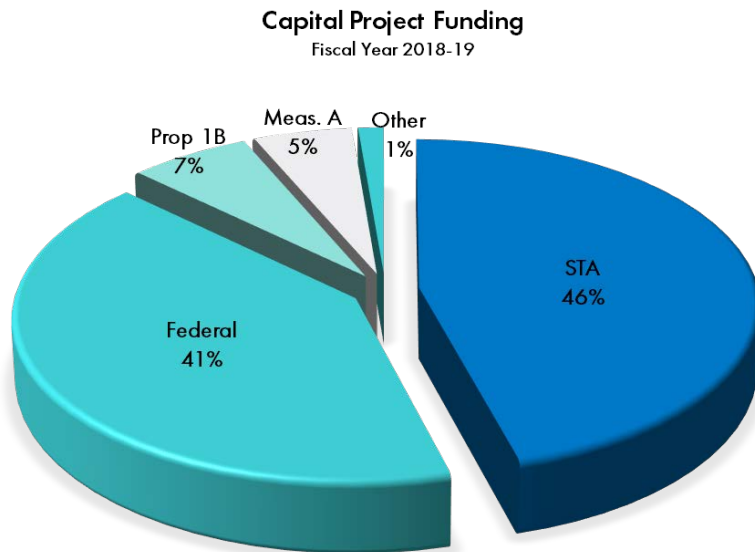
Intelligent Transportation Systems – With the real-time passenger information system successfully launched last fall, the implementation phase of the contract with Clever Devices for the many intelligent transportation systems added to the fleet is completed. The testing of smart cards by students attending SBCC and UCSB is currently underway with the expectation of full implementation this fall. The major capital expenditure for the project, the upgrade to Genfare’s Fast Fare electronic fareboxes, was previously completed. The capital budget also includes funding for the next phase in transit fare payment systems: mobile on-board payment via smartphones. The goal is to begin the planning process by the end of fiscal year.

Information Systems & Other Equipment – FY18-19 will include replacement of the bus fueling system including the wireless vehicle mileage and fuel consumption data system. Now 15 years old and requiring frequent attention, it is a high priority project. With the bulk of the replacement

and upgrades of MTD’s IT systems as well as the website makeover completed, the IT capital budget is being reduced. The continued replacement of MTD’s aging service vehicle fleet is also accounted for in the budget.

Capital Revenue

MTD’s capital projects in FY18-19 will be funded from the customary sources including federal funds, both formula and discretionary; State Transit Assistance; the Measure A Capital Program; and the remaining Prop 1B bond funds. All capital funds for the fiscal year are presently secured.



Federal Formula Funds – The FTA Section 5339(a) formula capital program was initiated under the MAP 21 transportation funding bill in 2013 and has provided roughly \$400,000 each year. The federal budget for FY17-18 included an increase to \$550,000. The FY18-19 allocation will likely be late in the budget cycle delaying the use of the funds until the following fiscal year. Funds allocated up through FY16-17 are being used for the ongoing bus purchases.

5339(b) discretionary funding awarded last year has been approved for the purchase of four electric and ten diesel 40-foot transit buses. It will cover over 60% of the \$9.1 million acquisition. MTD did receive approval from the FTA to reallocate the \$1.4 million in old CMAQ grant funds towards the cost of the BYD 30-foot electric buses. This year’s application for additional discretionary funds for future bus replacements was rejected by the FTA. The District will continue to apply to the competitive grant program with each year’s cycle.

Federal Discretionary Funds – The grant for the \$5.7 million in FTA

Measure A Capital Program – In FY18-19, the budget calls for the full use of the District’s Measure A capital allocation of \$971,000 for the year. The funds will be used as the local share for various capital projects. Measure A capital funds are held by the County Auditor-Controller on SBCAG’s behalf and provided to MTD on a reimbursement basis.

Prop 1B Program – MTD will use the remaining \$1.2 million in Prop 1B capital funding to assist in paying for the TC renovation and 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 nearly \$17 million. The FTA Section 5339(a) capital program is making up about 25% of the revenue loss. MTD is looking elsewhere to make up the balance.

State Transit Assistance – TDA State Transit Assistance (STA) funds have served as a critical source of capital funding for the District for several decades. With the large capital outlays scheduled for FY18-19, MTD will use nearly \$8.6 million in such funds bringing the balance down to \$3.1 million. The majority will be used for upcoming bus acquisitions and the Transit Center renovation. It will also fund a number of smaller capital projects. MTD has been allocated approximately \$1.2 million in STA each of the last three years. The SB1 legislation includes a large increase to the program. The partial year FY17-18 SB1 allocation is projected at \$650,000 and will be available in late calendar 2019. A full-year allocation is expected to be in the range

of \$1.3 million. With an initiative to repeal SB1 on the ballot for this November, it remains to be seen whether this important new source of funds will continue. MTD is looking to the increased SB1 funding to make up for the loss of Prop 1B capital funding.

Capital Fund Balances

The FY18-19 capital budget will result in a large usage of capital funds. If all budgeted projects are completed, the capital funding balance would be \$4.5 million compared to the \$18.7 million balance at the start of the year. Given the current backlog of bus acquisitions and facility improvements, the reduced funding level is not unexpected. Nonetheless, concern with future capital asset funding needs remains with the loss of Prop 1B funds, uncertainty with the life of SB1, and the potential necessity of allocating some of these sources towards balancing operating budgets. The \$650,000 in STA-SB1 funds and the \$500,000 in FTA-STIC funds allocated to capital are included the \$4.5 million year ending capital funding balance.

To assess MTD’s long-term capital needs for buses, a bus replacement schedule has been prepared and is included in the detailed budget tables at the end of this document. The schedule assumes an increasingly greater proportion of electric bus purchases in future years. Including bus replacements through FY29-30, the capital funding need is estimated at \$88 million.

Capital Fund Balances

(\$ thousands)

	FY 18-19 Budget	FY 17-18 Estimate
<u>State Transit Assistance</u>		
Beginning Balance	\$9,332	\$9,160
Net Additions/Outlays	(6,259)	173
Ending Balance	\$3,074	\$9,332
<u>Federal</u>		
Beginning Balance	\$7,723	\$8,775
Net Additions/Outlays	(6,823)	(1,052)
Ending Balance	\$900	\$7,723
<u>Prop 1B</u>		
Beginning Balance	\$1,197	\$971
Net Additions/Outlays	(1,197)	226
Ending Balance	\$0	\$1,197
<u>LCTOP & Other</u>		
Beginning Balance	\$460	\$101
Net Additions/Outlays	101	359
Ending Balance	\$561	\$460
<u>Measure A</u>		
Beginning Balance	\$0	\$0
Net Additions/Outlays	0	(0)
Ending Balance	\$0	\$0
<u>Total Capital Funds</u>		
Beginning Balance	\$18,713	\$19,008
Net Additions/Outlays	(14,178)	(295)
Capital Funds Total	\$4,535	\$18,713

Forecast & Reserves

Five-Year Forecast

A five-year operating budget forecast through FY 22-23 has been prepared and is located below. Some of the more salient assumptions utilized include the following:

- ◆ The service level remains at the FY18-19 levels throughout the five-year period.
- ◆ The current fare structure is unchanged during the five-year period.
- ◆ Cash/pass revenue stabilizes in FY18-19 and grows incrementally to 2.5% by FY22-23.
- ◆ Sales tax revenue figures are based on estimates from other public agencies.
- ◆ Federal operating assistance in FY19-20 is based on the FAST Act and 2% thereafter.³
- ◆ Wages, most benefits and other operating expenses grow at 2% to 3% per annum.
- ◆ Health insurance & diesel fuel prices escalate by 5% each year.

The five-year forecast indicates growing operating deficits each year with the annual shortfall in FY22-23 reaching \$2 million. Given the nature of the conservative assumptions where expenses continue to outpace revenue, the outcome is not surprising. This has been the case in such projections going back a number of years. Additionally, the margin for error increases with each future year. However, the critical difference from the past is that the District is now experiencing the predicted deficits and proactive measures will be required to reverse this trend.

Five-Year Operating Forecast

(\$ thousands)

	FY 18-19 Budget	FY 19-20 Forecast	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast
<u>OPERATING REVENUE</u>					
Passenger Fares	\$7,050	\$7,152	\$7,276	\$7,421	\$7,590
Sales Tax Revenue (TDA - LTF)	7,921	8,024	8,129	8,340	8,557
FTA Operating Assistance	5,221	5,325	5,432	5,541	5,651
Measure A	2,091	2,137	1,976	1,997	2,019
Local Operating Assistance	1,440	1,488	1,535	1,581	1,621
Property Tax Revenue	1,180	1,223	1,268	1,322	1,379
Non-Transportation Income	948	769	784	800	816
Total Operating Revenue	\$25,850	\$26,119	\$26,399	\$27,002	\$27,633
<u>OPERATING EXPENSE</u>					
Route Operations	\$16,100	\$16,601	\$17,119	\$17,592	\$18,015
Vehicle Maintenance	5,659	5,862	6,072	6,278	6,478
Passenger Accommodations	1,534	1,579	1,627	1,673	1,715
General Overhead	3,041	3,185	3,268	3,382	3,443
Total Operating Expense	\$26,333	\$27,226	\$28,086	\$28,925	\$29,651
Operating Surplus/(Deficit)	(\$484)	(\$1,108)	(\$1,687)	(\$1,923)	(\$2,018)

³ If the 2020 census determines that MTD’s service area exceeds 200,000 in population, MTD could be reclassified by the FTA from a small to a large urbanized area. Preliminary estimates indicate that this would reduce MTD’s operating assistance, potentially up to 25%. Should this occur, it would likely take effect in FY21-22.

Operating Reserves

The forecast indicates the ability of MTD to fully fund operating reserves in FY18-19 followed by growing shortfalls from the targeted levels. As the lack of capacity to fund reserves is directly attributable to the projected deficits, any resolution to the latter will alleviate reserve shortfalls.

Targeted Reserve Balances					
(\$ thousands)					
Reserve Funds	FY 18-19	FY19/20	FY20/21	FY21/22	FY22/23
Working Capital	\$5,221	\$5,325	\$5,432	\$5,541	\$5,651
Emergency	2,633	2,723	2,809	2,892	2,965
Appropriated	527	545	562	578	593
Reserves Target Balance	\$8,381	\$8,593	\$8,802	\$9,011	\$9,209
Unrestricted Net Position	\$9,659	\$8,451	\$6,664	\$4,642	\$2,523
Targeted Reserves Shortfall	\$0	(\$141)	(\$2,138)	(\$4,370)	(\$6,686)

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 the collective bargaining agreement (CBA). The contribution amount is established as part of the CBA negotiation process. It is a defined benefit plan with payments to retirees based on a formula set by the Pension Trust. Based on the most recent actuarial certification, the multi-employer trust is 92% funded, which is considered quite high. MTD does not record any Trust assets or liabilities on its books although there is the potential for District liability if the Trust were ever to become insolvent.

Staff & Management – A 401(k) plan was established in 1985 for all employees not subject to the CBA. 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 (OPEB)

MTD provides post-employment health benefits of up to \$285 per month for eligible employees. The monthly benefit is in the form of a reimbursement to retirees for their personal health insurance premiums. 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.

Government accounting standards require measuring the present value of future OPEB payouts and recording it as a liability. At the end of FY16-17, this liability stood at \$2.3 million. This figure is down substantially following last year’s decision to prefunding the liability through setting aside a million dollars in an irrevocable trust. MTD joined the California Employers Benefit Trust (CERBT), managed by CalPERS, for this purpose. The Board’s decision to fund the trust with an additional \$500,000 this year will reduce the liability further and ensure a dedicated source for payment of future retiree benefits. Staff will come back to the Board following the next biennial actuarial valuation of the trust with a recommendation concerning additional prefunding.

Detailed Budget Tables

Capital Project Detail Fiscal Year 2018-19

	FY 2018-19 Budget	FY 2017-18 Budget	Estimated FY 2017-18 Acquisitions	New Capital Funding	Carryover Capital Funding
<i>REVENUE VEHICLE PURCHASES</i>					
40' Diesel Buses (10)	\$5,300,000	\$5,300,000	\$0	\$0	\$5,300,000
40' Electric Buses (4)	3,750,000	3,750,000	0	0	3,750,000
30' Electric Buses (8)	1,600,000	3,200,000	1,600,000	0	1,600,000
30' Electric Buses-Capital Lease (6)	2,329,000	2,329,000	0	0	2,329,000
40' SAMTRANS 2003 Gillig Buses (17)	0	300,000	300,000	0	0
Subtotal	\$12,979,000	\$14,879,000	\$1,900,000	\$0	\$12,979,000
<i>REVENUE VEHICLE IMPROVEMENTS</i>					
Bus Refurbishing Allowance	\$100,000	\$100,000	\$30,000	\$30,000	\$70,000
Diesel Fleet Drivetrains	250,000	250,000	200,000	200,000	50,000
Hybrid Bus Battery Replacements	150,000	375,000	375,000	150,000	0
Subtotal	\$500,000	\$725,000	\$605,000	\$380,000	\$120,000
<i>OPERATING FACILITIES</i>					
Canopy Improvements	\$0	\$115,000	\$115,000	\$0	\$0
Shop Structural & Roof Upgrades	225,000	225,000	0	0	225,000
Charging Infrastructure	250,000	350,000	100,000	0	250,000
Security Upgrades	83,000	83,000	0	0	83,000
Operating Facilities Allowance	100,000	75,000	20,000	45,000	55,000
Calle Real Property Development	200,000	200,000	100,000	100,000	100,000
Subtotal	\$858,000	\$1,048,000	\$335,000	\$145,000	\$713,000
<i>PASSENGER FACILITIES</i>					
Transit Center Improvements	\$2,500,000	\$2,400,000	\$75,000	\$175,000	\$2,325,000
Bus Stop Improvements	800,000	200,000	25,000	625,000	175,000
Subtotal	\$3,300,000	\$2,600,000	\$100,000	\$800,000	\$2,500,000
<i>INTELLIGENT TRANSPORTATION SYSTEMS</i>					
AVL Systems (AIM)	\$100,000	\$475,000	\$475,000	\$100,000	\$0
Advanced Fare Collection System	400,000	125,000	75,000	350,000	50,000
Subtotal	\$500,000	\$600,000	\$550,000	\$450,000	\$50,000
<i>INFORMATION SYSTEMS</i>					
Fuel & Mileage Monitoring System	\$100,000	\$100,000	\$0	\$0	\$100,000
Software Systems	50,000	175,000	170,000	45,000	5,000
IT Systems & Infrastructure	75,000	50,000	35,000	60,000	15,000
Subtotal	\$225,000	\$325,000	\$205,000	\$105,000	\$120,000
<i>OTHER EQUIPMENT</i>					
Shop Equipment Allowance	\$50,000	\$75,000	\$20,000	\$0	\$50,000
Service Vehicles	250,000	200,000	65,000	\$115,000	\$135,000
Farebox & Radio Allowance	25,000	25,000	15,000	15,000	10,000
Office Furniture Allowance	25,000	25,000	5,000	5,000	20,000
Subtotal	\$350,000	\$325,000	\$105,000	\$135,000	\$215,000
Total Capital Projects	\$18,712,000	\$20,502,000	\$3,800,000	\$2,015,000	\$16,697,000

Bus Replacement Schedule
FY 17-18 to FY 29-30

Fleet Being Replaced	Type	Qty	Budget Year	Future Cost	Extended Cost
2000-2002 Ebus Shuttles	E	4	FY 17-18	\$400,000	\$1,600,000
2000-2002 Ebus Shuttles	E	10	FY 18-19	\$400,000	4,000,000
1997 40' Nova	D	10	FY 18-19	\$530,000	5,300,000
1997 40' Nova	E	4	FY 18-19	\$937,500	3,750,000
2004 40' Diesel (600-614)	E	5	FY 19-20	\$994,594	4,972,969
2004 40' Diesel (600-614)	D	10	FY 19-20	\$562,277	5,622,770
2004 29' Diesel (700-710)	D	11	FY 20-21	\$519,045	5,709,499
2006 29' Diesel (711-713)	E	3	FY 22-23	\$811,492	2,434,476
2007 40' Hybrids (900-907)	E	4	FY 22-23	\$1,086,819	4,347,278
2007 40' Hybrids (900-907)	D	4	FY 22-23	\$614,415	2,457,661
2009 29' Hybrids (715-717)	D	3	FY 25-26	\$601,716	1,805,147
2011 40' Hybrids (908-915)	E	7	FY 27-28	\$1,259,922	8,819,451
2011 40' Diesel (615 - 621)	D	7	FY 27-28	\$712,276	4,985,930
2013 40' Diesel (622 - 634)	E	13	FY 29-30	\$1,418,053	18,434,687
2013 40' Diesel (622 - 634)	D	10	FY 29-30	\$801,673	8,016,726
2015 Articulated Buses	E	3	FY 29-30	\$1,815,108	5,445,323
Total Projected Cost:					<u>\$87,701,916</u>

Operating Revenue Summary

Fiscal Year 2018-19

	FY 2018-19	FY 2017-18	<u>Change</u>		FY 2017-18	<u>Change</u>	
	Budget	Budget	Amount	%	Estimated	Amount	%
<i>FAREBOX REVENUE</i>							
Cash Fares & Tokens	\$1,995,563	\$2,136,896	(\$141,333)	-7%	\$1,997,947	(\$2,384)	0%
Adult Passes	1,022,633	1,059,463	(36,830)	-3%	1,040,961	(18,328)	-2%
Youth Passes	495,595	513,370	(17,775)	-3%	497,289	(1,694)	0%
Senior Passes	189,276	186,697	2,579	1%	183,763	5,513	3%
Mobility Passes	150,898	152,230	(1,332)	-1%	148,844	2,054	1%
Day Passes	4,309	4,374	(65)	-1%	4,267	42	1%
Downtown-Waterfront Shuttle	1,155,490	1,096,278	59,212	5%	1,119,310	36,180	3%
UCSB Contract Fares	1,076,497	1,037,135	39,363	4%	1,055,389	21,108	2%
SBCC Contract Fares	868,068	844,961	23,107	3%	868,068	0	0%
Special Event Fares & Amtrak	66,300	78,500	(12,200)	-16%	61,062	5,238	9%
City My Ride Program	25,000	35,000	(10,000)	-29%	25,000	0	0%
<i>Subtotal</i>	<u>\$7,049,629</u>	<u>\$7,144,904</u>	<u>(\$95,275)</u>	-1%	<u>\$7,001,900</u>	<u>\$47,730</u>	1%
<i>GRANTS & SUBSIDIES</i>							
TDA Sales Tax Revenue	\$7,921,258	\$7,771,309	\$149,949	2%	\$7,547,562	\$373,696	5%
FTA Formula Assistance	5,220,966	5,081,813	139,153	3%	5,215,206	5,760	0%
Measure A	2,090,776	2,014,211	76,565	4%	2,014,368	76,408	4%
State & Local Operating Assist	1,439,568	1,259,851	179,717	14%	1,217,401	222,167	18%
Property Tax Revenue	1,180,124	1,213,312	(33,189)	-3%	1,192,476	(12,352)	-1%
<i>Subtotal</i>	<u>\$17,852,692</u>	<u>\$17,340,496</u>	<u>\$512,196</u>	3%	<u>\$17,187,013</u>	<u>\$665,679</u>	4%
<i>NON-TRANSPORTATION INCOME</i>							
Advertising on Buses	\$600,000	\$550,000	\$50,000	9%	\$600,000	\$0	0%
Lease & Other Income	233,971	218,486	15,485	7%	216,060	17,911	8%
Interest Income	113,562	67,910	45,652	67%	80,701	32,861	41%
<i>Subtotal</i>	<u>\$947,533</u>	<u>\$836,396</u>	<u>\$111,137</u>	13%	<u>\$896,761</u>	<u>\$50,772</u>	6%
<i>Total Operating Revenue</i>	<u><u>\$25,849,854</u></u>	<u><u>\$25,321,795</u></u>	<u><u>\$528,059</u></u>	2%	<u><u>\$25,085,674</u></u>	<u><u>\$764,180</u></u>	3%

Operating Expense Summary Fiscal Year 2018-19

	FY 2018-19 Budget	FY 2017-18 Budget	Change		FY 2017-18 Estimated	Change	
			Amount	%		Amount	%
<i>ROUTE OPERATIONS</i>							
Drivers	\$12,037,734	\$11,927,208	\$110,527	1%	\$11,770,841	\$266,893	2%
Dispatch & Supervision	724,974	787,219	(62,245)	-8%	736,910	(11,936)	-2%
Hiring & Training	366,986	361,737	5,249	1%	435,036	(68,051)	-16%
Risk & Safety	2,070,995	2,238,602	(167,607)	-7%	2,544,768	(473,772)	-19%
Transportation Subsidies	899,562	869,058	30,504	4%	869,059	30,503	4%
<i>Subtotal</i>	<u>\$16,100,251</u>	<u>\$16,183,824</u>	<u>(\$83,572)</u>	<u>-1%</u>	<u>\$16,356,614</u>	<u>(\$256,363)</u>	<u>-2%</u>
<i>VEHICLE MAINTENANCE</i>							
Mechanics	\$1,226,520	\$1,244,509	(\$17,988)	-1%	\$1,152,374	\$74,146	6%
Cleaners & Fuelers	888,234	841,878	46,357	6%	839,075	49,159	6%
Supervision	752,128	497,103	255,025	51%	514,763	237,365	46%
Vehicle Consumables	1,912,726	1,668,132	244,595	15%	1,695,463	217,263	13%
Bus Parts & Supplies	715,000	794,000	(79,000)	-10%	629,654	85,346	14%
Vendor Services	107,500	82,500	25,000	30%	70,189	37,311	53%
Risk & Safety	57,071	55,500	1,571	3%	38,281	18,790	49%
<i>Subtotal</i>	<u>\$5,659,180</u>	<u>\$5,183,621</u>	<u>\$475,560</u>	<u>9%</u>	<u>\$4,939,799</u>	<u>\$719,382</u>	<u>15%</u>
<i>PASSENGER ACCOMMODATIONS</i>							
Passenger Facilities	\$567,338	\$449,464	\$117,875	26%	\$508,055	\$59,283	12%
Transit Development	201,404	297,774	(96,370)	-32%	297,973	(96,569)	-32%
Promotion & Information	438,019	436,275	1,744	0%	400,399	37,620	9%
Fare Revenue Collection	326,780	280,559	46,221	16%	276,749	50,030	18%
<i>Subtotal</i>	<u>\$1,533,541</u>	<u>\$1,464,072</u>	<u>\$69,469</u>	<u>5%</u>	<u>\$1,483,176</u>	<u>\$50,365</u>	<u>3%</u>
<i>GENERAL OVERHEAD</i>							
Finance	\$580,032	\$578,495	\$1,537	0%	\$580,072	(\$39)	0%
Personnel	172,822	168,635	4,187	2%	166,165	6,657	4%
Utilities & Communication	262,763	246,501	16,262	7%	244,122	18,641	8%
Operating Facilities	386,298	360,478	25,821	7%	379,684	6,615	2%
District Administration	1,638,600	1,573,917	64,683	4%	1,650,029	(11,429)	-1%
<i>Subtotal</i>	<u>\$3,040,515</u>	<u>\$2,928,025</u>	<u>\$112,490</u>	<u>4%</u>	<u>\$3,020,071</u>	<u>\$20,444</u>	<u>1%</u>
<i>Total Operating Cost</i>	<u>\$26,333,488</u>	<u>\$25,759,542</u>	<u>\$573,946</u>	<u>2%</u>	<u>\$25,799,660</u>	<u>\$533,828</u>	<u>2%</u>

**Route Operations
Fiscal Year 2018-19**

	FY 2018-19	FY 2017-18	Change		FY 2017-18	Change	
	Budget	Budget	Amount	%	Estimated	Amount	%
DRIVERS							
Scheduled	\$6,660,794	\$6,802,661	(\$141,867)	-2%	\$6,559,079	\$101,716	2%
Scheduled Overtime	524,482	417,939	106,542	25%	503,049	21,432	4%
Unscheduled Pay	274,998	258,975	16,023	6%	257,241	17,757	7%
Driver Lite Duty	9,457	7,853	1,603	20%	27,970	(18,513)	-66%
FICA	646,415	645,471	944	0%	633,264	13,151	2%
Pension	964,440	941,216	23,224	2%	930,235	34,205	4%
Health	1,934,574	1,826,839	107,735	6%	1,819,919	114,655	6%
Sick Pay	198,833	199,355	(522)	0%	127,863	70,970	56%
Vacation Pay	497,357	464,099	33,258	7%	486,087	11,270	2%
Holiday Pay	248,238	247,379	859	0%	238,417	9,821	4%
Other Pay	35,715	39,267	(3,552)	-9%	76,440	(40,725)	-53%
Unemployment Insurance	33,932	33,904	28	0%	41,659	(7,727)	-19%
Uniforms	8,500	42,250	(33,750)	-80%	69,620	(61,120)	-88%
<i>Drivers Subtotal</i>	<u>\$12,037,734</u>	<u>\$11,927,208</u>	<u>\$110,527</u>	1%	<u>\$11,770,841</u>	<u>\$266,893</u>	2%
DISPATCH & SUPERVISION							
Supervisors	\$281,168	\$323,915	(\$42,747)	-13%	\$290,392	(\$9,224)	-3%
Staff	176,538	172,224	4,314	3%	171,175	5,363	3%
FICA	40,854	43,495	(2,642)	-6%	38,896	1,958	5%
Pension	33,702	38,053	(4,351)	-11%	48,968	(15,266)	-31%
Health	115,042	135,501	(20,459)	-15%	108,420	6,622	6%
Sick Pay	6,882	7,370	(488)	-7%	5,565	1,316	24%
Vacation Pay	34,809	34,000	809	2%	40,205	(5,396)	-13%
Holiday Pay	17,977	19,350	(1,374)	-7%	17,023	953	6%
Other Pay	16,664	11,708	4,955	42%	15,047	1,617	11%
Unemployment Insurance	1,340	1,603	(263)	-16%	1,219	121	10%
	<u>\$724,974</u>	<u>\$787,219</u>	<u>(\$62,245)</u>	-8%	<u>\$736,910</u>	<u>(\$11,936)</u>	-2%
HIRING & TRAINING							
Staff	\$36,135	\$35,252	\$883	3%	\$31,708	\$4,427	14%
Student Drivers	92,750	93,186	(436)	0%	106,828	(14,078)	-13%
Existing Drivers/Supers	139,450	128,894	10,556	8%	174,388	(34,938)	-20%
FICA	21,410	20,551	859	4%	17,673	3,737	21%
Pension	10,909	10,731	178	2%	16,052	(5,143)	-32%
Health	20,137	24,100	(3,963)	-16%	31,827	(11,690)	-37%
Sick Pay	1,972	1,961	11	1%	2,144	(172)	-8%
Vacation Pay	5,415	5,290	125	2%	14,217	(8,803)	-62%
Holiday Pay	3,422	3,345	77	2%	5,061	(1,639)	-32%
Other Pay	729	713	17	2%	2,829	(2,100)	-74%
Unemployment Insurance	106	113	(7)	-6%	490	(384)	-78%
Medical Exams & License Fees	22,090	25,600	(3,510)	-14%	23,891	(1,801)	-8%
Employment Advertising	6,000	6,000	0	0%	6,993	(993)	-14%
Training, Travel & Meetings	6,460	6,000	460	8%	935	5,525	591%
<i>Hiring & Training Subtotal</i>	<u>\$366,986</u>	<u>\$361,737</u>	<u>\$5,249</u>	1%	<u>\$435,036</u>	<u>(\$68,051)</u>	-16%

**Route Operations
Fiscal Year 2018-19**

	FY 2018-19	FY 2017-18	Change		FY 2017-18	Change	
	Budget	Budget	Amount	%	Estimated	Amount	%
<i>RISK & SAFETY</i>							
<i>Wages & Benefits</i>							
Staff	\$151,021	\$147,331	\$3,691	3%	\$141,316	\$9,705	7%
Supervisors	246,519	304,753	(58,234)	-19%	304,052	(57,533)	-19%
Driver Accident Pay	1,839	1,832	6	0%	2,089	(251)	-12%
FICA	35,018	40,871	(5,852)	-14%	41,341	(6,323)	-15%
Pension	41,569	49,398	(7,829)	-16%	48,479	(6,910)	-14%
Health	81,058	95,975	(14,917)	-16%	83,812	(2,754)	-3%
Sick Pay	5,697	5,623	74	1%	16,917	(11,220)	-66%
Vacation Pay	34,813	34,018	795	2%	49,169	(14,356)	-29%
Holiday Pay	13,996	16,428	(2,432)	-15%	16,244	(2,249)	-14%
Other Pay	3,874	24,273	(20,399)	-84%	25,079	(21,205)	-85%
Unemployment Insurance	1,156	1,459	(303)	-21%	1,304	(148)	-11%
Wages & Benefits Subtotal	\$616,559	\$721,961	(\$105,401)	-15%	\$729,803	(\$113,244)	-16%
<i>Public Liability</i>							
Professional Services	\$115,900	\$142,585	(\$26,685)	-19%	\$155,799	(\$39,899)	-26%
Insurance	308,437	270,138	38,299	14%	283,083	25,354	9%
Current Year Incident Payouts	50,000	50,000	0	0%	29,363	20,637	70%
Current Year Incident Reserves	100,000	100,000	0	0%	33,600	66,400	198%
Prior Years Incident Payouts	50,000	125,000	(75,000)	-60%	12,020	37,980	316%
Change in Prior Years Reserves	(50,000)	(125,000)	75,000	-60%	(51,602)	1,602	-3%
Public Liability Subtotal	\$574,337	\$562,723	\$11,614	2%	\$462,262	\$112,076	24%
<i>Workers' Compensation</i>							
Professional Services	\$300,599	\$251,745	\$48,854	19%	\$288,745	\$11,854	4%
Insurance	85,500	104,500	(19,000)	-18%	97,788	(12,288)	-13%
Current Year Incident Payouts	75,000	125,000	(50,000)	-40%	40,000	35,000	87%
Current Year Incident Reserves	250,000	400,000	(150,000)	-38%	451,076	(201,076)	-45%
Prior Years Incident Payouts	350,000	350,000	0	0%	263,900	86,100	33%
Change in Prior Years Reserves	(200,000)	(300,000)	100,000	-33%	190,788	(390,788)	-205%
Miscellaneous Risk & Safety	19,000	22,673	(3,673)	-16%	20,405	(1,405)	-7%
Workers' Compensation Subtotal	\$880,099	\$953,918	(\$73,820)	-8%	\$1,352,703	(\$472,604)	-35%
Risk & Safety Subtotal	<u>\$2,070,995</u>	<u>\$2,238,602</u>	<u>(\$167,607)</u>	-7%	<u>\$2,544,768</u>	<u>(\$473,772)</u>	-19%
<i>TRANSPORTATION SUBSIDIES</i>							
ADA Paratransit Service	\$899,562	\$869,058	\$30,504	4%	\$869,059	\$30,503	4%
Transportation Subsidies Subtotal	<u>\$899,562</u>	<u>\$869,058</u>	<u>\$30,504</u>	4%	<u>\$869,059</u>	<u>\$30,503</u>	4%
TOTAL ROUTE OPERATIONS	<u>\$16,100,251</u>	<u>\$16,183,824</u>	<u>(\$83,572)</u>	-1%	<u>\$16,356,614</u>	<u>(\$256,363)</u>	-2%

Vehicle Maintenance Detail

Fiscal Year 2018-19

	FY 2018-19	FY 2017-18	Change		FY 2017-18	Change	
	Budget	Budget	Amount	%	Estimated	Amount	%
MECHANICS							
Mechanics	\$745,006	\$725,095	\$19,912	3%	\$650,668	\$94,338	14%
Less Mechanic Capital Labor	(31,191)	(30,607)	(585)	2%	(24,424)	(6,767)	28%
Mechanics-OT	38,032	37,526	506	1%	56,309	(18,277)	-32%
FICA	67,384	69,789	(2,405)	-3%	64,121	3,263	5%
Pension	92,475	91,833	642	1%	84,127	8,348	10%
Health	183,958	170,095	13,863	8%	147,728	36,230	25%
Sick Pay	6,645	23,811	(17,166)	-72%	36,073	(29,428)	-82%
Vacation Pay	58,402	93,551	(35,148)	-38%	71,283	(12,880)	-18%
Holiday Pay	31,191	30,754	437	1%	34,593	(3,402)	-10%
Other Paid Leave	1,560	1,538	22	1%	1,051	509	48%
Unemployment Insurance	2,757	2,955	(198)	-7%	3,273	(516)	-16%
Uniforms	16,000	16,000	0	0%	17,305	(1,305)	-8%
Tool Allowance	14,300	12,169	2,131	18%	10,267	4,033	39%
Mechanics Subtotal	\$1,226,520	\$1,244,509	(\$17,988)	-1%	\$1,152,374	\$74,146	6%
CLEANERS & FUELERS							
Service Workers	\$486,298	\$480,689	\$5,609	1%	\$461,609	\$24,688	5%
FICA	42,815	41,752	1,063	3%	39,652	3,163	8%
Pension	80,164	73,364	6,800	9%	69,999	10,166	15%
Health	194,033	168,480	25,553	15%	181,861	12,172	7%
Sick Pay	11,193	10,707	487	5%	12,197	(1,004)	-8%
Vacation Pay	37,004	32,072	4,932	15%	35,055	1,950	6%
Holiday Pay	23,048	20,292	2,756	14%	22,320	728	3%
Other Paid Leave	2,125	2,012	113	6%	1,331	794	60%
Unemployment Insurance	2,785	2,743	42	2%	2,495	290	12%
Uniforms	7,098	6,552	546	8%	9,416	(2,318)	-25%
Medical Exams & License Fees	1,671	3,216	(1,545)	-48%	3,140	(1,469)	-47%
Cleaners & Fuelers Subtotal	\$888,234	\$841,878	\$46,357	6%	\$839,075	\$49,159	6%
SUPERVISION							
Staff	\$487,637	\$313,302	\$174,334	56%	\$332,163	\$155,474	47%
FICA	41,099	26,713	14,385	54%	29,120	11,979	41%
Pension	53,724	31,670	22,054	70%	34,195	19,529	57%
Health	104,620	73,870	30,750	42%	66,416	38,204	58%
Sick Pay	4,040	4,464	(424)	-10%	3,369	671	20%
Vacation Pay	26,168	18,846	7,322	39%	27,183	(1,015)	-4%
Holiday Pay	16,160	10,750	5,410	50%	12,112	4,048	33%
Other Paid Leave	3,232	2,457	775	32%	6,476	(3,244)	-50%
Unemployment Insurance	1,326	905	421	46%	1,260	66	5%
Training, Travel & Meetings	14,125	14,125	0	0%	2,469	11,656	472%
Supervision Subtotal	\$752,128	\$497,103	\$255,025	51%	\$514,763	\$237,365	46%

Vehicle Maintenance Detail

Fiscal Year 2018-19

	FY 2018-19	FY 2017-18	Change		FY 2017-18	Change	
	Budget	Budget	Amount	%	Estimated	Amount	%
VEHICLE CONSUMABLES							
Bus Fuel	\$1,496,835	\$1,309,432	\$187,403	14%	\$1,316,479	\$180,356	14%
Oil & Lubricants	135,934	115,000	20,934	18%	130,861	5,073	4%
Electric Vehicle Power	100,000	72,000	28,000	39%	74,120	25,880	35%
Tire Lease	169,957	161,700	8,257	5%	164,192	5,765	4%
Tire Mounting	10,000	10,000	0	0%	9,811	189	2%
<i>Vehicle Consumables Subtotal</i>	<u>\$1,912,726</u>	<u>\$1,668,132</u>	<u>\$244,595</u>	15%	<u>\$1,695,463</u>	<u>\$217,263</u>	13%
VEHICLE PARTS & SUPPLIES							
Bus Parts Issued	\$625,000	\$700,000	(\$75,000)	-11%	\$550,000	\$75,000	14%
Shop Supplies	65,000	70,000	(5,000)	-7%	56,684	8,316	15%
Bus Servicing Supplies	15,000	10,000	5,000	50%	17,219	(2,219)	-13%
Hazmat Disposal & Compliance	10,000	14,000	(4,000)	-29%	5,751	4,249	74%
<i>Vehicle Part & Supplies Subtotal</i>	<u>\$715,000</u>	<u>\$794,000</u>	<u>(\$79,000)</u>	-10%	<u>\$629,654</u>	<u>\$85,346</u>	14%
VENDOR BUS REPAIRS							
Vandalism Repairs	\$5,000	\$5,000	\$0	0%	\$2,629	\$2,371	90%
Accident Damage Repairs	5,000	5,000	0	0%	2,727	2,273	83%
Accident Claim Collections	(2,500)	(2,500)	0	0%	(8,262)	5,762	-70%
Other Vendor Repairs	100,000	75,000	25,000	33%	73,095	26,905	37%
<i>Vendor Bus Repairs Subtotal</i>	<u>\$107,500</u>	<u>\$82,500</u>	<u>\$25,000</u>	30%	<u>\$70,189</u>	<u>\$37,311</u>	53%
RISK & SAFETY							
Workers' Comp Services	\$22,571	\$20,000	\$2,571	13%	\$19,313	\$3,258	17%
Workers' Comp Insurance	4,500	5,500	(1,000)	-18%	5,149	(649)	-13%
Current Year Incident Payouts	10,000	10,000	0	0%	2,829	7,171	253%
Current Year Incident Reserves	20,000	20,000	0	0%	38,561	(18,561)	-48%
Prior Years Incident Payouts	150,000	150,000	0	0%	6,904	143,096	2073%
Change in Prior Years Reserves	(150,000)	(150,000)	0	0%	(34,476)	(115,524)	335%
<i>Risk & Safety Subtotal</i>	<u>\$57,071</u>	<u>\$55,500</u>	<u>\$1,571</u>	3%	<u>\$38,281</u>	<u>\$18,790</u>	49%
TOTAL VEHICLE MAINTENANCE	<u><u>\$5,659,180</u></u>	<u><u>\$5,183,621</u></u>	<u><u>\$475,560</u></u>	9%	<u><u>\$4,939,799</u></u>	<u><u>\$719,382</u></u>	15%

Passenger Accommodations Detail Fiscal Year 2018-19

	FY 2018-19	FY 2017-18	Change		FY 2017-18	Change	
	Budget	Budget	Amount	%	Estimated	Amount	%
<i>PASSENGER FACILITIES</i>							
<i>Wages & Benefits</i>							
Supervisors	\$162,093	\$126,542	\$35,551	28%	\$159,433	\$2,659	2%
TC Advisors	109,762	73,731	36,031	49%	87,796	21,966	25%
Staff	39,777	39,808	(31)	0%	41,479	(1,701)	-4%
FICA	26,642	20,700	5,941	29%	24,440	2,202	9%
Pension	26,769	26,491	278	1%	20,827	5,943	29%
Health	118,875	86,054	32,820	38%	82,068	36,807	45%
Sick Pay	4,103	3,987	115	3%	5,049	(946)	-19%
Vacation Pay	17,393	14,188	3,205	23%	19,153	(1,760)	-9%
Holiday Pay	13,011	10,576	2,434	23%	9,451	3,560	38%
Other Paid Leave	2,123	1,762	361	20%	2,101	21	1%
Unemployment Insurance	1,589	1,015	573	56%	2,599	(1,010)	-39%
<i>Wages & Benefits Subtotal</i>	<i>\$522,135</i>	<i>\$404,856</i>	<i>\$117,280</i>	<i>29%</i>	<i>\$454,396</i>	<i>\$67,739</i>	<i>15%</i>
<i>Buildings & Grounds</i>							
TC Contract Maintenance	\$31,533	\$31,717	(\$185)	-1%	\$41,083	(\$9,550)	-23%
TC Repairs/Supplies	6,000	5,000	1,000	20%	7,927	(1,927)	-24%
Bus Stop Repairs/Supplies	5,000	5,000	0	0%	2,657	2,343	88%
TC Property Insurance	2,671	2,891	(221)	-8%	1,992	679	34%
<i>Buildings & Grounds Subtotal</i>	<i>\$45,203</i>	<i>\$44,608</i>	<i>\$595</i>	<i>1%</i>	<i>\$53,659</i>	<i>(\$8,456)</i>	<i>-16%</i>
<i>Passenger Facilities Subtotal</i>	<i>\$567,338</i>	<i>\$449,464</i>	<i>\$117,875</i>	<i>26%</i>	<i>\$508,055</i>	<i>\$59,283</i>	<i>12%</i>
<i>TRANSIT DEVELOPMENT</i>							
Staff	\$116,205	\$174,221	(\$58,016)	-33%	\$176,044	(\$59,839)	-34%
FICA	10,064	15,436	(5,371)	-35%	15,872	(5,808)	-37%
Pension	13,156	20,178	(7,022)	-35%	20,748	(7,592)	-37%
Health	38,198	46,666	(8,467)	-18%	44,233	(6,035)	-14%
Sick Pay	1,982	6,065	(4,084)	-67%	4,485	(2,503)	-56%
Vacation Pay	8,988	14,315	(5,327)	-37%	17,187	(8,199)	-48%
Holiday Pay	3,373	7,826	(4,453)	-57%	6,625	(3,252)	-49%
Other Paid Leave	1,012	2,348	(1,336)	-57%	3,139	(2,127)	-68%
Unemployment Insurance	424	679	(255)	-38%	630	(206)	-33%
Training, Travel & Meetings	3,000	5,000	(2,000)	-40%	0	3,000	n/a
Planning Services & Supplies	5,000	5,040	(40)	-1%	9,010	(4,010)	-45%
<i>Transit Development Subtotal</i>	<i>\$201,404</i>	<i>\$297,774</i>	<i>(\$96,370)</i>	<i>-32%</i>	<i>\$297,973</i>	<i>(\$96,569)</i>	<i>-32%</i>

Passenger Accommodations Detail Fiscal Year 2018-19

	FY 2018-19	FY 2017-18	Change		FY 2017-18	Change	
	Budget	Budget	Amount	%	Estimated	Amount	%
<i>PROMOTION & INFORMATION</i>							
Wages & Benefits							
Staff	\$118,581	\$113,358	\$5,223	5%	\$110,468	\$8,113	7%
FICA	10,177	9,625	552	6%	9,945	232	2%
Pension	13,304	12,582	721	6%	13,123	181	1%
Health	20,728	20,117	611	3%	20,163	565	3%
Sick Pay	2,942	2,106	837	40%	2,721	221	8%
Vacation Pay	5,117	3,493	1,624	47%	8,205	(3,089)	-38%
Holiday Pay	5,117	5,493	(376)	-7%	4,975	142	3%
Other Paid Leave	1,279	1,373	(94)	-7%	3,869	(2,590)	-67%
Unemployment Insurance	424	679	(255)	-38%	420	4	1%
Wages & Benefits Subtotal	\$177,669	\$168,825	\$8,844	5%	\$173,890	\$3,779	2%
Outside Services							
Media Ad Placement	16,000	15,000	1,000	7%	12,139	3,861	32%
Brochures & Publications	19,200	19,200	0	0%	13,965	5,235	37%
Market Research	7,500	8,500	(1,000)	-12%	365	7,135	1955%
Promotional Giveaways	15,000	15,000	0	0%	861	14,139	1641%
Bus/Shuttle Decorations	1,500	1,500	0	0%	840	660	79%
Other Promotions	92,300	94,300	(2,000)	-2%	93,800	(1,500)	-2%
Route Schedules & Information	104,850	109,950	(5,100)	-5%	101,372	3,478	3%
Training, Travel & Meetings	4,000	4,000	0	0%	3,167	833	26%
Outside Services Subtotal	\$260,350	\$267,450	(\$7,100)	-3%	\$226,509	\$33,841	15%
Promotion & Information Subtotal	\$438,019	\$436,275	\$1,744	0%	\$400,399	\$37,620	9%
<i>FARE REVENUE COLLECTION</i>							
Wages & Benefits							
Staff	\$138,181	\$132,468	\$5,713	4%	\$119,190	\$18,991	16%
FICA	12,117	11,595	522	4%	10,747	1,370	13%
Pension	15,839	12,794	3,045	24%	13,080	2,759	21%
Health	58,792	53,690	5,101	10%	53,172	5,620	11%
Sick Pay	2,755	2,786	(31)	-1%	3,447	(692)	-20%
Vacation Pay	10,290	9,326	964	10%	10,684	(394)	-4%
Holiday Pay	4,779	4,663	116	2%	4,571	208	5%
Other Paid Leave	2,390	2,331	58	2%	2,588	(198)	-8%
Unemployment Insurance	636	905	(269)	-30%	685	(49)	-7%
Wages & Benefits Subtotal	\$245,780	\$230,559	\$15,221	7%	\$218,164	\$27,616	13%
Outside Services							
Fare Processing	\$36,000	\$15,000	\$21,000	140%	\$25,587	\$10,413	41%
Farebox Parts & Repairs	25,000	15,000	10,000	67%	13,804	11,196	81%
Tickets, Tokens & Transfers	20,000	20,000	0	0%	19,195	805	4%
Outside Services Subtotal	\$81,000	\$50,000	\$31,000	62%	\$58,586	\$22,414	38%
Fare Revenue Collection Subtotal	\$326,780	\$280,559	\$46,221	16%	\$276,749	\$50,030	18%
TOTAL PSNGR ACCOMMODATIONS	\$1,533,541	\$1,464,072	\$69,469	5%	\$1,483,176	\$50,365	3%

General Overhead Detail
Fiscal Year 2018-19

	FY 2018-19	FY 2017-18	Change		FY 2017-18	Change	
	Budget	Budget	Amount	%	Estimated	Amount	%
<i>FINANCE</i>							
Staff	\$324,418	\$319,940	\$4,478	1%	\$313,129	\$11,289	4%
FICA	29,033	28,224	809	3%	28,221	812	3%
Pension	37,951	36,894	1,058	3%	37,116	835	2%
Health	81,579	78,422	3,157	4%	77,789	3,790	5%
Sick Pay	6,591	6,528	63	1%	3,231	3,361	104%
Vacation Pay	27,875	22,344	5,531	25%	24,777	3,098	13%
Holiday Pay	14,352	14,001	351	3%	13,918	434	3%
Other Paid Leave	6,279	6,125	153	3%	8,340	(2,061)	-25%
Unemployment Insurance	954	1,018	(64)	-6%	945	9	1%
Financial Audit Services	51,000	65,000	(14,000)	-22%	72,605	(21,605)	-30%
<i>Finance Subtotal</i>	<u>\$580,032</u>	<u>\$578,495</u>	<u>\$1,537</u>	0%	<u>\$580,072</u>	<u>(\$39)</u>	0%
<i>PERSONNEL</i>							
Staff	\$104,293	\$101,909	\$2,383	2%	\$99,331	\$4,962	5%
FICA	8,954	8,735	219	3%	8,572	382	4%
Pension	11,705	11,419	286	3%	11,332	373	3%
Health	34,797	33,454	1,343	4%	33,325	1,471	4%
Sick Pay	1,501	1,217	284	23%	3,827	(2,326)	-61%
Vacation Pay	4,502	4,392	110	3%	3,804	698	18%
Holiday Pay	4,502	4,780	(278)	-6%	4,362	140	3%
Other Paid Leave	2,251	2,390	(139)	-6%	1,297	954	74%
Unemployment Insurance	318	339	(21)	-6%	315	3	1%
<i>Personnel Subtotal</i>	<u>\$172,822</u>	<u>\$168,635</u>	<u>\$4,187</u>	2%	<u>\$166,165</u>	<u>\$6,657</u>	4%
<i>UTILITIES</i>							
Telephone & Data Communications	\$76,111	\$72,140	\$3,970	6%	\$71,723	\$4,388	6%
Power, Water & Refuse	171,652	162,000	9,652	6%	162,356	9,296	6%
Two-Way Radios	15,000	12,360	2,640	21%	10,043	4,957	49%
<i>Utilities Subtotal</i>	<u>\$262,763</u>	<u>\$246,501</u>	<u>\$16,262</u>	7%	<u>\$244,122</u>	<u>\$18,641</u>	8%
<i>OPERATING FACILITIES</i>							
<i>Wages & Benefits</i>							
Staff	\$58,453	\$57,022	\$1,431	3%	\$53,211	\$5,242	10%
FICA	5,044	4,921	123	2%	4,875	169	3%
Pension	6,593	6,433	161	2%	6,435	159	2%
Health	10,364	9,940	424	4%	9,865	499	5%
Sick Pay	886	872	14	2%	1,653	(767)	-46%
Vacation Pay	3,804	3,711	93	2%	6,532	(2,728)	-42%
Holiday Pay	2,536	2,474	62	2%	2,460	76	3%
Other Paid Leave	254	247	6	2%	0	254	n/a
Unemployment Insurance	212	226	(14)	-6%	210	2	1%
<i>Wages & Benefits Subtotal</i>	<u>\$88,146</u>	<u>\$85,846</u>	<u>\$2,300</u>	3%	<u>\$85,241</u>	<u>\$2,905</u>	3%

General Overhead Detail
Fiscal Year 2018-19

	FY 2018-19	FY 2017-18	Change		FY 2017-18	Change	
	Budget	Budget	Amount	%	Estimated	Amount	%
<i>OPERATING FACILITIES (cont'd)</i>							
Service Vehicles							
Parts & Repairs	\$30,000	\$30,000	\$0	0%	\$33,849	(\$3,849)	-11%
Fuel	69,600	60,000	9,600	16%	58,000	11,600	20%
Service Vehicles Subtotal	\$99,600	\$90,000	\$9,600	11%	\$91,849	\$7,751	8%
Buildings & Grounds							
Contract Maintenance	\$80,720	\$83,360	(\$2,640)	-3%	\$89,099	(\$8,379)	-9%
Overpass Site Maintenance	5,500	5,500	0	0%	107	5,393	5040%
B&G Repairs/Supplies	60,000	40,000	20,000	50%	67,796	(7,796)	-11%
Property Insurance	52,332	55,771	(3,439)	-6%	45,592	6,740	15%
Buildings & Grounds Subtotal	\$198,552	\$184,631	\$13,921	8%	\$202,594	(\$4,041)	-2%
<i>Operating Facilities Subtotal</i>	<u>\$386,298</u>	<u>\$360,478</u>	<u>\$25,821</u>	7%	<u>\$379,684</u>	<u>\$6,615</u>	2%
<i>DISTRICT ADMINISTRATION</i>							
Wages & Benefits							
Staff	\$583,030	\$510,744	\$72,286	14%	\$510,131	\$72,899	14%
Bus Ad Revenue Placement	2,314	2,264	50	2%	0	2,314	n/a
FICA	52,229	45,370	6,859	15%	43,803	8,427	19%
Pension	68,274	59,307	8,967	15%	60,204	8,070	13%
Health	161,688	123,978	37,709	30%	122,159	39,529	32%
Sick Pay	8,670	8,165	505	6%	4,827	3,843	80%
Vacation Pay	59,630	54,058	5,572	10%	59,097	532	1%
Holiday Pay	24,160	15,464	8,696	56%	21,856	2,304	11%
Other Paid Leave	7,248	4,639	2,609	56%	8,352	(1,104)	-13%
Unemployment Insurance	1,591	1,093	497	45%	1,471	120	8%
Wages & Benefits Subtotal	\$968,832	\$825,083	\$143,750	17%	\$831,899	\$136,933	16%
Administrative Services							
Directors Fees	\$12,600	\$12,600	\$0	0%	\$9,520	\$3,080	32%
Public Officials Insurance	67,143	67,040	103	0%	65,560	1,583	2%
Legal Counsel	85,000	85,000	0	0%	115,212	(30,212)	-26%
Pension Administration	2,500	2,500	0	0%	2,168	332	15%
Office Equipment Maintenance	188,930	165,000	23,929	15%	171,652	17,278	10%
Miscellaneous Services	69,194	138,694	(69,500)	-50%	92,131	(22,937)	-25%
Office & Computer Supplies	60,000	45,000	15,000	33%	67,573	(7,573)	-11%
Dues & Subscriptions	52,400	55,000	(2,600)	-5%	54,325	(1,925)	-4%
Conferences, Meetings & Training	19,000	19,000	0	0%	7,531	11,469	152%
Employee Relations	19,365	20,000	(635)	-3%	35,173	(15,808)	-45%
Retiree Health Insurance	0	60,000	(60,000)	-100%	62,216	(62,216)	-100%
Mandated Fees & Permits	40,000	40,000	0	0%	35,973	4,027	11%
Bus Ad Revenue Program	15,000	9,000	6,000	67%	13,852	1,148	8%
Misc. Expenses & Losses	38,636	30,000	8,636	29%	85,243	(46,607)	-55%
Administrative Services Subtotal	\$669,768	\$748,834	(\$79,067)	-11%	\$818,130	(\$148,362)	-18%
<i>District Administration Subtotal</i>	<u>\$1,638,600</u>	<u>\$1,573,917</u>	<u>\$64,683</u>	4%	<u>\$1,650,029</u>	<u>(\$11,429)</u>	-1%
TOTAL GENERAL OVERHEAD	<u>\$3,040,515</u>	<u>\$2,928,025</u>	<u>\$112,490</u>	4%	<u>\$3,020,071</u>	<u>\$20,444</u>	1%