

STAFF REPORT

SUBJECT: LAVTA's Operating & Capital Budget for FY 2017

FROM: Tamara Edwards, Finance and Grants Manager

DATE: June 6, 2016

Discussion

Attached for your review is the draft LAVTA Operating Budget for FY 2017 (July 1, 2016 through June 30, 2017). The operating budget includes revenues and expenses required to operate fixed route and Dial-a-Ride bus services. The total operating budget of \$17,323,890 reflects an overall increase of 5.74% from the FY 2016 budget. A large portion of this increase is attributable to the increase in paratransit. The FY17 paratransit budget increases 34.42% over the amount budgeted for FY16. Additionally the FY2017 Capital Budget has been enclosed for your review.

Planning for the FY 2017 budget again utilized a system wide approach to clearly align the budget with the mission, vision and goals established in the Strategic Plan.

Operating Budget Provisions

The largest budget line items for LAVTA are purchased transportation and fuel. This year's budget reflects the contracted increase for both Fixed Route and Paratransit, and the expected increase in paratransit trips. In FY16 LAVTA budgeted \$3.00 per gallon for fuel, however the average price per gallon that LAVTA paid in FY 16 (to date- 5/19/16) is \$1.52. Therefore, the amount budgeted for fuel for FY17 is the less than the amount budgeted in FY16 and is budgeted at \$2.35 per gallon.

The largest change between the revenues for FY 2016 and FY 2017 is the reinstatement of RM2 funds for the Rapid. The budget does not reflect any grant awards not currently in hand. The reason behind this involves the timing of grant applications and awards. Many awards will be announced after the beginning of the fiscal year, rather than budget based on an assumption of receiving the awards and then backfilling if awards are not received, LAVTA budgets based on what is in hand and then adds additional funds to our reserve account at the end of the year from the grants received. Once grants have been applied for and received staff will update the Board in regard to the additional revenues.

Recommendation

The Finance and Administration Committee recommends approval of LAVTA's FY 2017 Operating and Capital budget.

Attachments:

1. Operating and Capital Budget FY 2017

2. Resolution 18-2016 Operating and Capital Budget FY2017

Approved: _____

Operating & Capital Budget

Fiscal Year 2017



Livermore Amador Valley Transit Authority

www.wheelsbus.com

1362 Rutan Court, Suite 100
Livermore, CA 94551

Office: 925.455.7555

Fax: 925.443.1375



WHEELS
Livermore Amador Valley Transit Authority
Fiscal Year 2017
Budget Message

Summary Outlook for FY17

LAVTA's FY17 Budget is \$17,323,890 which is 5.74% higher than FY16. The draft budget assumes LAVTA will provide 139,313 fixed route service hours and 58,848 paratransit trips. For the seventh consecutive year, no fare increases are proposed. The Budget for FY17 continues to comply with the Board's policy to maintain reserves equivalent to 3-6 months of operating costs.

FY17's major highlight will be the implementation of the bus system improvements from the Comprehensive Operational Analysis, which will result in performance base changes to the fixed route system, including a crucial need to improve the Rapid. Additionally, the agency will be conducting its first Long Range Transit Plan that will provide a multi-phase performance based blueprint of improvements for the next 30 years of fixed route service. The implementation of both these plans, in addition to the near-future fare study and innovative FY17 Marketing Plan, will allow the agency to provide a greater quality of service and compete more effectively for discretionary funding in future years.

Medical Transportation Management continues to improve the agency's brokerage paratransit services and continues to deliver a high level of on-time performance and overall service. Due to sharp increases in the number of paratransit trips, staff is focusing with MTM on improving trip negotiation, trip optimization, and ensuring eligibility requirements are respected.

LAVTA's capital program will have multiple areas of focus. First, LAVTA has made a 20-bus replacement order that it will take delivery in early FY17. Second, the agency will award a contract to a bus manufacturer for the purchase and replacement of 20 additional buses for FY18. Finally, the Historic Depot will be relocated to the Livermore Transit Center, the Rutan facility and the Livermore Transit Center will receive parking lot improvements, and the agency's bus shelters will receive significant improvements in FY17.

As the transit agency enters into FY17, its activities will occur against the backdrop of an economy continuing to gain momentum after the Great Recession. FAST ACT, the recently approved federal transportation bill, provides relatively flat, but stable funding for the next six years. State funding for transportation also remains relatively flat and somewhat volatile. However, at the local level the region's Metropolitan Planning Organization has restored Regional Measure 2 funding for Route 30 (The Rapid), derived from bridge toll fees, and will watch the performance of the route for future compliance with performance requirements. This is a sign of the times in which public transit must focus on improved performance or anticipate a reduction in funding.

FY16 Perspective

Before discussing FY17, it is useful to briefly recap this last year. LAVTA's FY16 Budget was \$16,383,345 million, which was 1.27% higher than FY15. For the sixth consecutive year, no fare increases were implemented. LAVTA was also able to comply with the Board's policy to maintain reserves equivalent to 3-6 months of operating costs.

FY16's major service highlight was the Comprehensive Operational Analysis. Prior to developing recommendations, existing ridership, on-time performance, travel patterns, and demographic data were analyzed. Public meetings, stakeholder meetings, an on-line survey, and a non-user household telephone survey all indicated that more frequent service, later service, and better connections to BART were some of the improvements desired most by riders and non-riders.

Initially, three scenarios were developed to illustrate how Wheels fixed-route service could operate in the future. After significant public comment, a preferred alternative was created that had four themes: (1) improve ridership and farebox recover ratio of the Rapid; (2) improve access to BART; (3) reduce duplication of service; and (4) simply the service. After public comment and a public hearing on May 2, 2016, the LAVTA Board approved the majority of system changes in the preferred alternative, with final approvals expected on June 6, 2016. The preferred alternative is expected to increase ridership on Wheels between 5% and 10% over the first 18 months, with additional ridership gains being achieved through a focused marketing program.

The capital program had two areas of focus. First, LAVTA, through MTC and with the cooperation of other small operators in this area, implemented Clipper in the Wheels system. Equipment was installed at our facilities bases and on our buses. Second, LAVTA ordered twenty electric-hybrid buses scheduled to be received in 2017.

FY16 saw a continuation of the slow economic recovery. A multi-year federal transportation authorization bill known as FAST ACT was approved, providing a continuation of critical federal funds at a consistent level for the next six years. State and regional funding remained relatively flat overall.

Accomplishments in FY16

While the previous section summarizes the financial situation last year, this section describes the work accomplished in FY16. In addition to the on-going workload of the agency, staff was busy this year on the following issues and projects.

Policy Related Matters

- Adopted 2016 Legislative Program and commented/participated in key legislation, including FAST ACT at the federal level, and axle weight limitations at the state level.

- Participated in Stand Up 4 Transportation Event

- Initiated the first two meetings of the Altamont Regional Rail Working Group

- 10-year Short Range Transit Plan Approved

Fixed Route Service

- For the first time in 4 years ridership on fixed routes is expected to increase in FY16
- Completed Comprehensive Operational Analysis and approved changes
- Completed the service change process and implemented changes in August 2015
- Completed the annual survey to assess customer satisfaction of fixed route services
- Negotiated revised rates for FY16 with MV Transportation
- Continued service to the Livermore July 4 fireworks event
- Provided expanded service to Livermore's ESS program
- Continued service to Pleasanton and Dublin summer school
- Extended Route 8 service during the Alameda County Fair

Paratransit Service

- Completed the annual survey to assess customer satisfaction of paratransit services
- Completed second full year with new contractor, MTM
- Significant ridership increases of 20% initiated work with MTM on trip negotiation, optimizing of trips, and eligibility interviews.

Capital Projects

- Rehabilitated Rapid bus stops (replacement of glass and other repairs)
- Implemented Clipper on Wheels bus system
- Continued work with Livermore staff to relocate the historic train depot
- Installed Viewpoint Software for improved management of bus system
- In coordination with City of Livermore, reconstructed bus pull out at the Bankhead
- Replaced kiosks at Livermore Transit Center
- Purchased 20 hybrid diesel-electric replacement buses
- Onboard info stations installed on buses
- In coordination with the City of Livermore and Dublin, repaired queue jumps
- Completed security camera project at Atlantis, Rutan Facility and Livermore TC

Marketing

- Developed and implemented marketing plan for FY16
- Redesigned Wheels website and improved social media reach
- Wheels installed on Google Transit Trip Planner
- Installed art shelter at Westgate, Lawrence Livermore Lab
- Completed the Try Transit campaign for middle and high school riders
- High School Ambassador Program initiated, with 50 students being mentored
- Continued marketing efforts to promote the Rapid and Wheels fixed route service

Audits/Reviews

- Completed the FY14 Financial Audit (CAFR)
- Completed the TDA Triennial Review

Financial Management

- Continued quarterly budget and grants status reports to the Board
- Received GFOA's Award of Excellence for Financial Reporting for FY15 CAFR
- Leased portion of Atlantis to Google for bus storage

Procurement

Procured contracts for website redesign, rebranding study, on-call graphics consulting, design and printing of timetables, on-call zero emissions consultant, Atlantis vault construction, parking lot rehab, etc.
Continued procurement process with Gillig for 2017 bus purchases

Regional Projects

Implemented Clipper on Wheels bus system
Participated with ACTC on Park and Ride Study and County Transit Study.
Participated with MTC in Plan Bay Area Update
Participated in development of City of Livermore's Neighborhood Specific Plan
Continued participation in APTA, CTA, and CalACT to promote and protect transit

Personnel

Hired new Grants & Project Management Specialist
Hired a new administrative assistant
Continued to improve agency management practices

Major Features of FY17's Operating Revenues

Looking forward to next year's budget, this section outlines what staff sees forthcoming on the revenue side. LAVTA's primary revenue source is TDA, which is projected by Alameda County's forecasters to increase slightly.

Another critical revenue source is STA funding. Based on State estimates that STA funds will decline this year, MTC is carrying this projection forward to agencies like LAVTA. The volatile nature of diesel fuel sales and prices underscore that LAVTA has been wise in how we budget our STA revenues. In the past few years, our strategy was to place all STA expected upcoming year's revenues into reserves and base the budget on the previous year's actuals. This strategy has proven to be successful, removing significant risk from our Budget. In FY17, staff recommends that we continue this strategy by placing expected FY16 STA revenues in reserves and spending the FY16 revenues which were distributed to us.

Major Features of FY17's Operating Expenditures

The expenditure budget for FY17 is \$17,323,890, which is \$940,545 more than the budget for FY16. The escalators in the fixed route contract with MV Transportation (2.65%), the increase in paratransit trip costs from \$32.51 to \$33.16, and the high increase in paratransit trips account for the larger chunks of the budget increase. Similar to the revenue side, LAVTA's expenditure side is also driven by a handful of sources. For example, the O&M contracts, diesel fuel, taxes, utilities, and insurance make up about 80% of LAVTA's expenditures. Major issues regarding expenditures are described below.

O&M Services: FY17 marks the second year of potential extensions that are found in the multi-year contract for fixed route O&M services to MV Transportation, and the third year for paratransit services to MTM. Per the contract bids submitted, the MV costs will

escalate 2.65% next year and MTM per trip costs will escalate 2%, additionally the number of paratransit trips are expected to increase.

Fuel Prices: For FY17, fuel is assumed to be \$2.35 per gallon, which is less than what was assumed last year (last year's assumptions were significantly higher than experienced). Total fuel costs and taxes on fuel are approximately \$1.38 million, or about 8% of total spending.

Personnel Costs: The FY17 budget assumes no changes to the 15 FTEs currently on the staff. As in prior years, LAVTA's directors will continue to implement merit-based increases based on staff's performance evaluations.

Administrative Costs: Staff is proposing a FY17 Budget that keeps most budgeted line items, which staff has some control over, similar to the amounts in the FY16 Budget.

Major Features of the Capital Budget

The Capital Budget is expected to increase by \$1.8 million over last year. Last year, two themes dominated the Capital Budget and these will continue through FY17. They are (1) a continued emphasis on a State of Good Repair (SGR), and (2) the preparation to replace buses in the fleet.

Strategic Plan Guidance and Projects for FY17

The Wheels Strategic Plan establishes an overall vision and mission for Wheels and contains a series of goals and strategies to guide the future development of services and projects. Here's the goals and strategies and projects for FY17:

Goal: Service Development

Strategies:

- (1) Provide routes/services to meet current and future demand for timely/reliable transit service.
- (2) Increase accessibility to community, services, senior centers, medical facilities and jobs.
- (3) Optimize existing routes/services to increase productivity and response to MTC projects and studies.
- (4) Improve connectivity with regional transit systems and participate in BART to Livermore project.
- (5) Explore innovative fare policies and pricing options
- (6) Provide routes and services to promote mode shift from personal car to public transit.

Projects:

- (1) Implement changes to Wheels bus system from planning efforts
- (2) Complete the Long Range Transit Plan
- (3) Conduct Fare Analysis
- (4) Continue participation with Altamont Regional Rail Working Group
- (5) Continue support and input with studies ongoing in the region

Goal: Marketing and Public Awareness

Strategies:

- (1) Implement the FY17 Marketing Plan, which is innovative and substantially different from previous years.
- (2) Finish and implement Phase I of Wheels Rebranding project
- (3) Create Wheels ECO pass program for business in the Tri-Valley

Projects:

- (1) Marketing for launch of system improvements and products
- (2) Promotion of new brands (complete Phase I of rebranding plan)
- (3) New phone app
- (4) V2.0 of Wheels website
- (5) New design for timetables
- (6) SmartTrips Santa Rita
- (7) Promotion of Rapid service and Easy Pass at Las Positas College
- (8) Promotion of new 580X
- (9) Promotion of new Wheels on Demand
- (10) Continued efforts with High School and Travel Training Ambassadors
- (11) Continued community outreach with a limited number of community events

Goal: Community and Economic Development

Strategies:

- (1) Integrate transit into local economic development plans
- (2) Advocate for increased TOD from member agencies and MTC
- (3) Partner with employers in the use of transit to meet TDM goals and requirements

Projects:

- (1) Las Positas College Easy Pass Program
- (2) Measure BB Student Transit Pass Program
- (3) Livermore Transit Center Historic Train Depot and future TOD Development

Goal: Regional Leadership

Strategies:

- (1) Advocate for local regional, state, and federal policies that support mission of Wheels
- (2) Support staff involvement in leadership roles representing regional, state and federal forums
- (3) Promote transit priority initiatives with member agencies
- (4) Support regional initiatives that support mobility convenience

Projects:

- (1) Advocate for positions taken by LAVTA in FY17 Legislative Plan
- (2) Continue to support Altamont Regional Rail Working Group
- (3) Active Signalization and Queue Jump Installations on Dublin Blvd

Goal: Organizational Effectiveness

Strategies:

- (1) Promote system wide continuous quality improvement
- (2) Continue to expand the partnership with contract staff
- (3) HR development with focus on employee quality of life and strengthening of technical resources
- (4) Enhance and improve organizational structures, processes and procedures
- (5) Develop policies that hold Board and staff accountable, providing clear direction through sound policy making decisions.

Projects:

- (1) Monitor the performance of Wheels bus system improvements
- (2) Create improved contract management process for fixed route operator, paratransit operator and bus stop repair and cleaning contractors.
- (3) Continue to emphasize and support training of employees to improve their technical expertise.

Goal: Financial Management

Strategies:

- (1) Develop budget in accordance with strategic plan
- (2) Explore and develop revenue generating opportunities
- (3) Maintain fiscally responsible long range capital and operating plans

Projects:

- (1) Approve FY17 budget with emphasis on growing ridership from bus system redesign
- (2) Achieve continuing recognition for financial management excellence
- (3) Develop path for long-term Easy Pass funding at Las Positas College, SmartTrips program, and Wheels On Demand

Summary

To summarize, this FY17 Budget supports 139,313 hours of fixed route service and 58,848 paratransit trips for next year. The Budget assumes that fares are not raised.

At the end of FY17, the forecast is to have \$13.9 million in reserves. Two components make up the reserve – an operating reserve and a bus replacement reserve. The operating reserve is \$9.9 million, representing 7 months of operating expenses. In January 2009, the Board adopted a policy to gradually build up reserves, targeting a range of 3 to 6 months of operating expenses, and attaining this goal by the end of FY12. The FY12 Budget achieved that goal and the Budgets since then continue to maintain it.

The bus replacement reserve is \$4 million. As stated earlier, this represents funds set aside for the eventual replacement of buses that will occur in 2018-19. As in prior years' budgets, LAVTA has placed all of its future estimated STA funds (\$900 thousand) into reserves, in order to reduce volatility and uncertainty and to ensure that the level of services and fares can be confidently maintained.

OPERATING REVENUES

LAVTA services are supported by two primary types of operating revenues:

- Revenues generated by the agency either through the provision of transit service (farebox and contract fares) or through supplementary activities such as advertising and ticket concessions.
- Federal, State and Local transportation funding assistance programs including Transportation Development Act (TDA), State Transit Assistance (STA), Federal Transit Administration grants, Bridge Toll Revenues (RM2), Motor Vehicle Registration Surcharge (TFCA), and Measure B/BB sales tax revenue.

A brief description of each budget line item follows:

Passenger Fares

Revenues derived from the farebox are forecast to be slightly lower for fixed route based on route changes and a free pass being offered to Las Positas College students. Paratransit fares are budgeted to increase based on an increase in demand for rides.

Revenue is also generated from an agreement with Hacienda Business Park This revenue is expected to increase as service hours to the Park are increasing.

Contract Services

LAVTA receives revenues from the San Joaquin Regional Rail Commission (SJRRRC) to subsidize the ACE shuttle service (ACE passengers then ride free). Revenue from an agreement with BART to supply paratransit services to the BART station for connections with East Bay Paratransit are also included.

Concessions, Advertising, Interest and T-Mobile and Google Agreements

LAVTA contracts with Lamar Outdoor Advertising for use of exterior bus advertising space. This year the contract will generate a minimum annual fee of \$95,000. LAVTA will receive approximately \$18,000 from an agreement with ACE to sell train tickets at the transit center and LAVTA will receive a small amount of revenue from the sales of BART tickets at both our front desk and the transit center. Interest is generated on unspent revenue in our LAIF account. The agreement with T-Mobile for the lease of space for a cell tower is for an annual fee of \$26,000, while the agreement with Google to park at the Atlantis Facility is expected to generate \$24,000.

Transportation Development Act Funds (TDA)

These funds are derived from a ¼ cent sales tax and distributed by the Metropolitan Transportation Commission (MTC) to Alameda County and all of its incorporated cities.

LAVTA is eligible for two different programs within this funding source:

TDA 4.0 which provides general transit assistance and can be used for capital and operating expenses for both fixed route and paratransit and TDA 4.5 which is exclusively for

paratransit services.

The total amount requested in TDA 4.0 funds for FY2017 is \$9,325,974 additionally the amount requested in TDA 4.5 funds is \$123,457.

LAVTA also receives a portion of BART's TDA 4.0 apportionment to help support feeder service to the Dublin/Pleasanton station. These funds help subsidize routes that run between Livermore and the BART stations. This year LAVTA will receive \$84,324 from this source.

State Transit Assistance Funds (STA)

STA is distributed to jurisdictions for fixed route service in two ways – as a revenue-based and a population-based subsidy for transit capital and operating needs.

The amount of population based STA requested by LAVTA for 2017 is \$700,785, and LAVTA has requested revenue based STA funding of \$198,153.

Additional STA comes to LAVTA in the form of a paratransit allocation and as part of the feeder bus agreement with BART. LAVTA's apportionment of STA paratransit for FY 17 is \$49,787, and through BART LAVTA will receive \$654,479.

Regional Measure 2 (RM2)

Regional Measure 2 increased the toll on Bay Area bridges by \$1. Funds from this increase were designated to fund projects to improve transit in the Bay Area. LAVTA has received \$580,836 in RM2 funding for the Rapid service.

Federal Transit Administration (FTA) Section 5307

FTA Section 5307 funds are distributed by MTC to transit operators in the region. These funds are available to LAVTA to fund bus replacement projects, and ADA paratransit. A provision of FTA legislation allows regional capital funds to be used for ADA paratransit operating purposes. This year's allocation for LAVTA is estimated at \$341,367.

Additionally, the Transit Capital Priorities (TCP) policy of MTC allows bus operators who defer bus purchases to use a portion of the funds from the deferral for other FTA eligible projects. As LAVTA is decreasing the size of the fleet, FTA funds have been made available for preventative maintenance, and LAVTA will receive \$424,167 in FY17. These funds are budgeted on a fiscal year lag to account for the difference between the state and federal fiscal year's and the grant processing cycle time.

Other FTA Programs

Through both MTC and Caltrans LAVTA is receiving funds in FY17 from other FTA programs. These funds for FY17 amount to \$123,468 and will be used to fund a portion of route 14, routes that serve "rural areas" (as identified by the FTA), and LAVTA's parataxi program.

Measure B

Voters in Alameda County re-authorized a one-half cent sales tax dedicated to funding transportation projects. This measure was originally passed in 1992. A portion of the revenues from this measure are dedicated to supporting paratransit services throughout the

County. Funds are distributed to eligible recipients based on a population formula that includes the number of elderly and disabled persons in the jurisdiction, as well as the number of low income persons. This year LAVTA's Measure B allocation for paratransit is \$167,445. Another portion of these revenues helps support fixed route service; LAVTA is expected to receive \$884,690 in fixed route revenues for FY 2017.

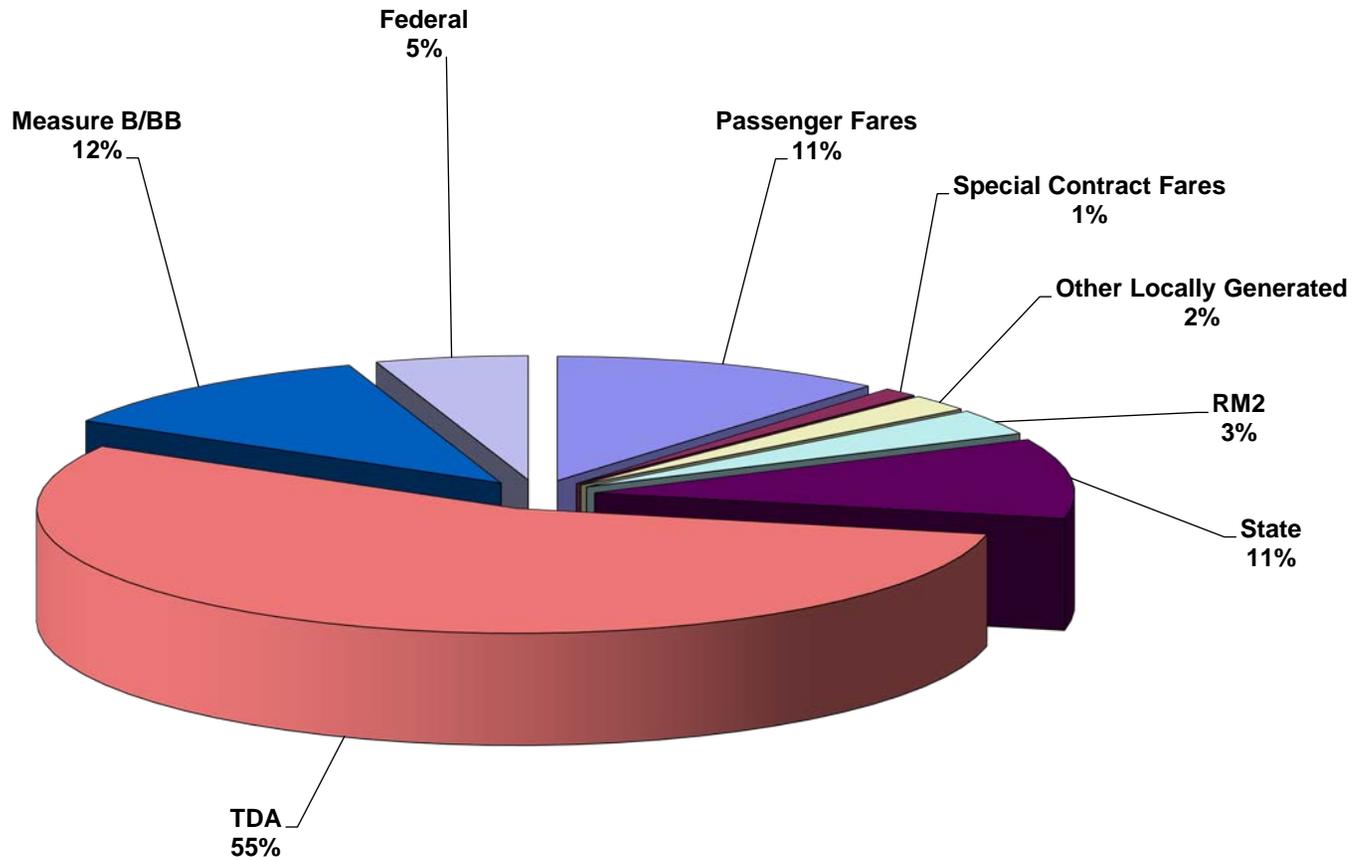
Measure BB

Additionally, voters in Alameda County voted for an addition sales tax increase for transit projects. This measure BB is anticipated to provide an additional \$660,528 in funds for Fixed Route service and \$283,285 for Paratransit service.

**LAVTA
FY2017 BUDGET
OPERATING REVENUES**

| | | FIXED ROUTE FUND | PARATRANS. FUND | TOTAL FY2017 | BUDGET FY2016 | % CHANGE |
|----------------------|--------------------------------|---------------------|--------------------|---------------------|---------------------|--------------|
| 401 | Passenger Fares: | \$1,548,670 | \$205,968 | \$1,754,638 | \$1,758,944 | 0% |
| 402 | Business Park Revenue | \$191,030 | | \$191,030 | \$141,504 | 35% |
| 402 | 05 Special Contract Fares: | | | | | |
| | ACE Shuttles | \$171,286 | | \$171,286 | \$195,001 | -12% |
| | BART | | \$37,000 | \$37,000 | \$33,600 | 10% |
| 406 | 01 Concessions | \$44,135 | | \$44,135 | \$38,500 | 15% |
| 406 | 03 Advertising | \$95,000 | | \$95,000 | \$115,000 | -17% |
| 407 | 04 Interest | \$4,500 | | \$4,500 | \$2,000 | 125% |
| 407 | 03 Google Lease | \$24,000 | | \$24,000 | \$0 | 100% |
| 407 | 99 Clipper Fees | \$67,733 | \$0 | \$67,733 | \$0 | 100% |
| 409 | Transit Development Act (TDA) | | | | | |
| | 91 Article 4.0 | \$8,113,227 | \$1,212,747 | \$9,325,975 | \$9,476,889 | -2% |
| | 92 Article 4.5 | | \$123,457 | \$123,457 | \$129,379 | -5% |
| | 95 BART 4.0 | \$84,324 | | \$84,324 | \$85,033 | -1% |
| | 96 RM2 | \$580,836 | | \$580,836 | \$0 | 100% |
| | 01 TFCA BRT | \$137,500 | | \$137,500 | \$126,250 | 0% |
| 411 | State Transit Assistance (STA) | | | | | |
| | 01 Operating-Population Based | \$700,785 | | \$700,785 | \$884,220 | -21% |
| | 01 Operating-Revenue Based | \$198,153 | | \$198,153 | \$199,577 | -1% |
| | 01 Regional Paratransit | \$0 | \$49,787 | \$49,787 | \$49,123 | 1% |
| | 01 STA Route 14 | \$194,324 | | \$194,324 | \$194,324 | 100% |
| | 05 Regional BART | \$654,479 | | \$654,479 | \$537,422 | 22% |
| 413 | Federal Transit Administration | | | | | |
| | Section 5303 | \$0 | | \$0 | \$0 | 0% |
| | Section 5307 | \$424,167 | \$341,367 | \$765,534 | \$340,965 | 125% |
| | Section 5311 | \$38,951 | | \$38,951 | \$43,683 | -100% |
| | JARC Grant (Route 14) | \$64,517 | | \$64,517 | \$64,517 | 100% |
| | FTA 5310 | | \$10,000 | \$10,000 | \$0 | 0% |
| | FTA 5317 | | \$10,000 | \$10,000 | \$10,000 | 0% |
| 464 | 01 Measure B and BB | \$1,545,218 | \$450,730 | \$1,995,948 | \$1,957,416 | 2% |
| TOTAL REVENUE | | \$14,882,834 | \$2,441,056 | \$17,323,890 | \$16,383,346 | 5.74% |

OPERATING REVENUE FY2017



OPERATING EXPENDITURES

Salaries and Wages

This category includes salaries for all staff members, including 7.5% towards PERS 457 Retirement Plan (for Executive Director only). In addition employee salary increases are included in this line item however increases for employees are based on performance/merit only.

Personnel Benefits

This category includes contributions to California Public Employees Retirement System (CalPERS), premiums for Medical, Dental, Vision, Disability and Life Insurance programs, Workers Compensation Insurance, Unemployment expense and Automobile Allowance (for the Executive Director only). Also included is the health annuity for retirees, and the amount necessary to prefund LAVTA's annual OPEB obligation.

Professional Services

Compensation for Board Members per Bylaws of LAVTA for attendance at meetings of the Board of Directors, Committees of the Board of Directors and other LAVTA business is included here. Additionally, on an on-going basis LAVTA contracts out for a variety of professional services including: legal counsel, lobbying, financial services (for the annual audit), and graphic design.

Non-Vehicle Maintenance

This line item includes the expenses to cover the cost of hiring professional maintenance vendors to assist in the cleaning of the Maintenance, Operations and Administration building (MOA), Transit Center facility and grounds, and cleaning of bus stops. In addition this line item includes the cost of preventative maintenance for the facilities, office equipment such as the accounting system, copy machines, and phones. Costs also include computer support, including the annual contracts for the AVL system and a map platform update, and the cost of the bus shelter maintenance program.

Communications

Postage, Federal Express, and courier charges are in this category of expenses.

Fuel and Lubricants

Costs for all diesel and unleaded gas for buses and vans are budgeted here. This line item is budgeted for FY 2017 at \$2.35 per gallon; fuel for non-revenue vehicles is budgeted at \$3.20 per gallon. This line item also contains a \$100,000 contingency to account for unstable and volatile gas prices.

Office/Operating Supplies

This category includes copy machine paper, consumable office supplies, letterhead, envelopes and any other miscellaneous office supplies needed.

Printing

The line item for printing covers the cost for printing public information materials, i.e. Wheels map and schedules, fare media, brochures and the production of exterior route and schedule displays are in this line item.

Utilities

Utilities include expenses to cover electricity, gas, water, sewer, garbage, and telephone bills. .

Insurance

This line item includes insurance on facility contents, employee dishonesty bonds, and property insurance on the MOA, Transit Center and Atlantis facilities. It also includes premiums for casualty, general liability and physical damage insurance, funds to cover the cost of claims under LAVTA's \$25,000 self-insured retention (SIR) for liability under the CalTIP program.

Taxes and Fees

Fees for fuel taxes and underground storage tank fees are budgeted here.

Purchased Transportation Service

Purchased transportation service is the largest of the budgeted line items. This line item includes the total operating costs and fixed monthly management fee based on the agreements between LAVTA and MV, and LAVTA and MTM, which includes all materials, supplies, lubricants, vehicle parts and labor for provision of operation and maintenance services. This line item is increased from last year's budget due to the increase in contract costs for fixed route services and vehicle maintenance with MV Transportation and an increase in contract costs, and usage for Paratransit services with MTM.

Additionally, expenses have been budgeted for the anticipated "WHEELS on Demand" service.

Miscellaneous

This line item includes membership dues for the American Public Transit Association, California Transit Association, CalAct, and the Dublin, Pleasanton, and Livermore Chambers of Commerce. Also included are promotional items related to special events, and any miscellaneous items not included elsewhere are budgeted here.

Professional Development

Professional development covers the expenses for transportation, meals, conference registration fees and lodging for attendance at transit conferences, training seminars, workshops and other required business meetings are included here. This category also includes expenses associated with job specific development classes.

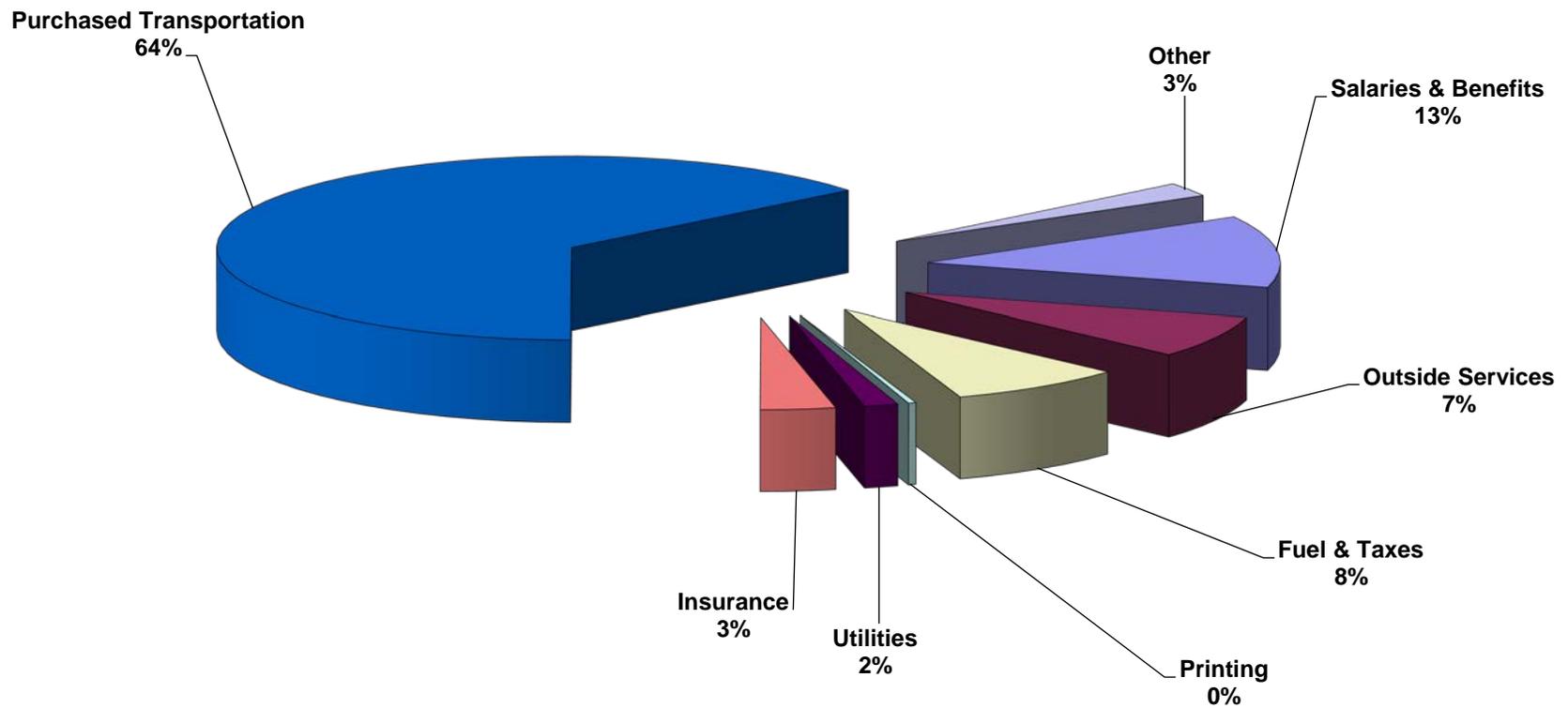
Advertising

The advertising budget includes any advertising done for LAVTA including radio, newspaper, flyers etc.

**LAVTA
FY2017 BUDGET
OPERATING EXPENDITURES**

| | | GENERAL FUND | PARATRANSIT FUND | TOTAL FY 17 | BUDGET FY16 | % CHANGE |
|---|------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------|
| 501 02 | Salaries and Wages | \$1,249,982 | \$131,074 | \$1,381,056 | \$1,293,880 | 7% |
| 502 00 | Personnel Benefits | \$764,529 | \$50,818 | \$815,347 | \$686,556 | 19% |
| 503 00 | Professional Services | \$578,056 | \$121,100 | \$699,156 | \$580,806 | 20% |
| 503 05 | Non-Vehicle Maintenance | \$568,927 | \$5,101 | \$574,029 | \$489,090 | 17% |
| 503 99 | Communications | \$6,500 | \$4,000 | \$10,500 | \$10,500 | 0% |
| 504 01 | Parts, Fuel and Lubricants | \$1,231,310 | \$0 | \$1,231,310 | \$1,541,300 | -20% |
| 504 03 | Non Contracted Vehicle Maintenance | \$15,000 | \$0 | \$15,000 | \$2,500 | 500% |
| 504 99 | Office/Operating Supplies | \$49,530 | \$970 | \$50,500 | \$46,000 | 10% |
| 504 99 | Printing | \$60,000 | \$0 | \$60,000 | \$67,000 | -10% |
| 505 00 | Utilities | \$263,293 | \$3,608 | \$266,900 | \$264,300 | 1% |
| 506 00 | Insurance | \$580,890 | \$10,046 | \$590,936 | \$536,162 | 10% |
| 507 99 | Taxes and Fees | \$152,000 | \$0 | \$152,000 | \$152,000 | 0% |
| 508 01 | Purchased Transportation | \$9,018,334 | \$2,102,600 | \$11,120,934 | \$10,464,276 | 6% |
| 509 00 | Miscellaneous | \$118,265 | \$8,238 | \$126,504 | \$66,975 | 89% |
| 509 02 | Professional Development | \$36,218 | \$3,500 | \$39,718 | \$49,000 | -19% |
| 509 08 | Advertising | \$190,000 | \$0 | \$190,000 | \$133,000 | 43% |
| TOTAL TRANSIT OPERATIONS AND MAINTENANCE | | \$14,882,835 | \$2,441,056 | \$17,323,890 | \$16,383,345 | 5.7% |

OPERATING EXPENDITURES FY 2017



CAPITAL IMPROVEMENT PROGRAM – FY 2017

Facilities Rehab and Repair

Office and Facility Equipment

This budget item will be used to upgrade and replace existing office and/or facility equipment as needed.

Shop Repairs and Replacements

The current MOA facility was built in 1991 and on-going repairs have been required in the past. Some of the equipment is now in need of total replacement, this line item reflects minor replacements, and larger repairs for FY17.

IT Upgrades and replacement

Some of LAVTA's computers and other IT equipment need to be replaced.

Transit Center Upgrades and Improvements

In addition to repairs on the current facility, the Historic Livermore Depot will be moved to the Transit Center and will require some upgrades to the current property.

Security Upgrades

The Livermore Police Department has suggested that the lighting at the Transit Center be increased. LAVTA is able to do this in FY17 thanks to a security grant from the California Office of Emergency Services. An additional security grant will be used to place lighting in some bus shelters.

Bus Shelter and Stops

Funds for this project will be used to rehabilitate or improve selected bus stop locations, and move bus stops to new locations as necessitated by the COA changes. Additionally, bus stop branding will need to be updated as the rebranding project commences.

Board Room Upgrade

LAVTA will be installing an audio and visual system in the Board room.

Doolan Tower Upgrade

The Doolan Tower houses LAVTA's radio equipment and is a key component of LAVTA's AVL system. The majority of the equipment has been in place for over a decade and some of it needs an upgrade to prevent future failure.

Vehicle Rehab and Repair and Replacement

Vehicle Repairs

Funds associated with this project will be used for the replacement of engines and transmissions, and other major components that have reached the end of their useful lives.

Vehicle Wrapping

With the rebranding project, the LAVTA fleet will need to have their bus wraps upgraded to match the new design.

Bus Replacement

LAVTA's largest fleet of busses is due for replacement. The replacement of these vehicles will begin in FY17 and continue into FY18. The majority of the funds for the replacements will come from FTA funding.

Farebox Upgrade

With the new bus purchase LAVTA was forced to purchase a different, upgraded, farebox that is different than what is on the rest of the LAVTA fleet (the one on the current fleet is no longer available). Therefore, LAVTA will need to purchase matching farebox for the buses that are not being replaced with in the next two fiscal years. LAVTA staff was able to obtain an FTA grant to cover the majority of these costs.

WiFi

LAVTA will be adding WiFi availability to buses within our fleet.

Non-Revenue Vehicles

The non-revenue vehicles in the LAVTA fleet include road supervisor vehicles, shift change vehicles, shop and shelter trucks, and a few vehicles used by LAVTA staff. All of the vehicles within LAVTA's non-revenue fleet are past their useful lives. However, some are in good working order and do not need to be replaced in FY17. For FY 17 LAVTA will replace, three road supervisor vehicles, four shift trade vehicles, and two shop trucks. LAVTA will also purchase a trailer to be used with one of the trucks for transporting larger shelter parts. LAVTA was able to receive some federal (FTA) funding. The Transit Capital Priorities (TCP) policy of MTC allows bus operators who defer bus purchases to use a portion of the funds from the deferral for other FTA eligible projects. As LAVTA is decreasing the size of the fleet, FTA funds have been made available for these replacements.

Miscellaneous

Transit Capital

The funds associated with this line item will be used to cover miscellaneous projects that come up throughout the year.

TPI Projects

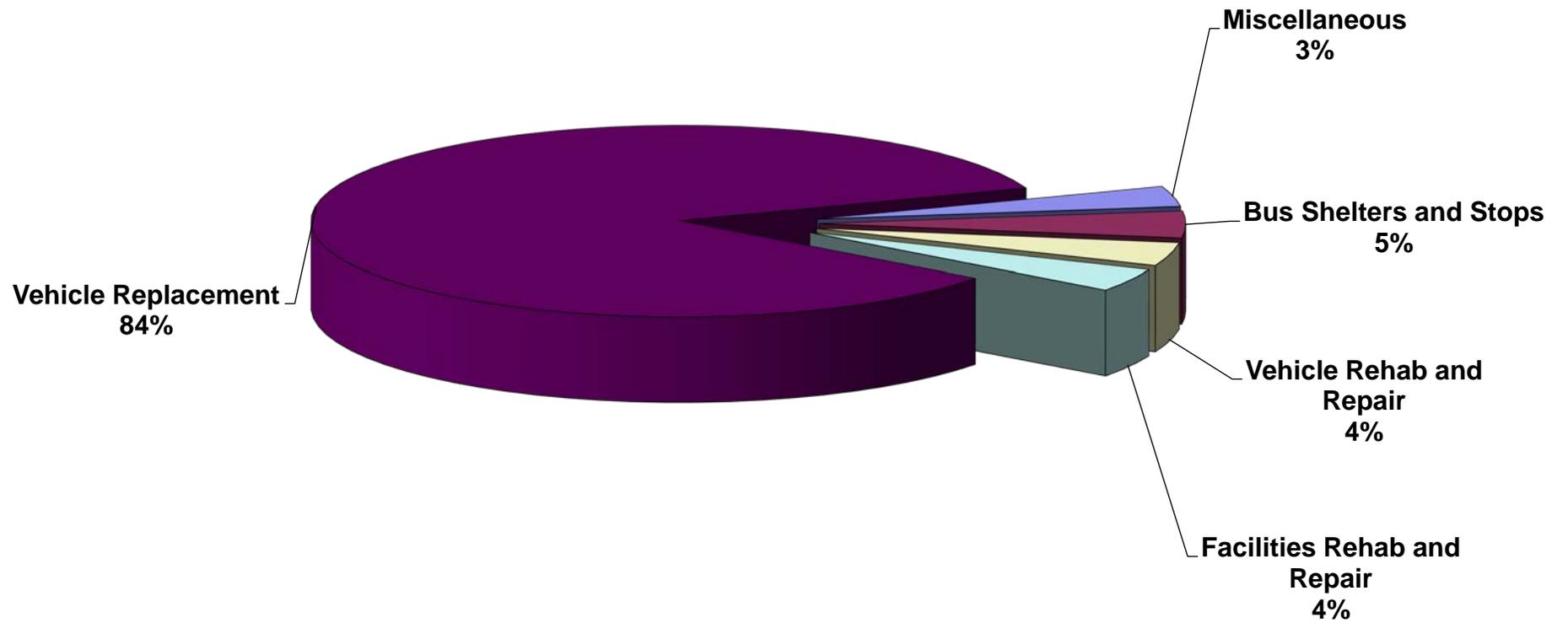
LAVTA is working with the City of Dublin on a project to add an adaptive signal control system to Dublin Blvd, this system will be owned and maintained by the City of Dublin upon completion. This project also includes adding three queue jumps to Dublin Blvd, and a Real Time passenger information app for LAVTA passengers.

**LAVTA
FY2017 BUDGET
PROJECT DETAIL**

Capital Improvement Program

| Project | FTA FUNDS | BRIDGE TOLLS | TDA Prior Years | TDA 4.0 | Prop 1B | BUDGET FY17 |
|--|---------------------|---------------------|------------------------|------------------|--------------------|---------------------|
| Bus Replacement | \$12,315,205 | \$535,578 | \$2,296,208 | \$180,000 | \$572,778 | \$15,899,769 |
| Transit Center Upgrades and Improvements | | | \$56,200 | | \$125,625 | \$181,825 |
| Bus Shelters, signs, and Stops | | | \$767,005 | | \$116,719 | \$883,724 |
| IT upgrades and replacement | | | \$15,500 | | | \$15,500 |
| Office and Facility Equipment | | | \$20,000 | | \$177,390 | \$197,390 |
| Transit Capital | | | \$100,000 | | | \$100,000 |
| Shop Repairs and Replacements | | | \$67,000 | | \$184,124 | \$251,124 |
| Board room upgrade | | | \$25,600 | | | \$25,600 |
| Doolan tower upgrade | | | \$10,000 | | | \$10,000 |
| TPI Projects | \$504,564 | | \$66,000 | | | \$570,564 |
| Rebranding bus wrap | | | \$95,000 | | | \$95,000 |
| Vehicle Repairs | | | \$120,000 | | | \$120,000 |
| WiFi | | | \$13,304 | | \$36,696 | \$50,000 |
| Farebox Upgrade | \$398,242 | | \$101,758 | | | \$500,000 |
| Non Revenue Vehicle replacement | \$367,200 | | \$144,800 | | | \$512,000 |
| Security upgrades | | | | | \$73,392 | \$73,392 |
| TOTAL | \$13,585,211 | \$535,578 | \$3,898,375 | \$180,000 | \$1,286,724 | \$19,485,888 |

**CAPITAL PROGRAM
FY 2017**



LAVTA
RESERVES ANALYSIS

OVERVIEW OF THE ALLOCATION PROCESS

TDA

Under the State Transportation Development Act (TDA), the Metropolitan Transportation Commission (MTC) is designated as the body that distributes funds from the County Local Transportation Fund (LTF) to each transit operator in the county. Each year this distribution process begins in February when MTC passes a resolution approving each transit operator's apportionment of TDA funds for the upcoming fiscal year. This resolution defines LAVTA's share of the funds available in Alameda County. The funds are apportioned based on population. LAVTA's service area contains approximately 11% of the total population in the county.

Through its planning process LAVTA determines how much of this apportionment to request for the year, and submits a claim for these funds. MTC then passes a resolution allocating the requested funds.

The difference between the apportioned amount and the allocated amount is reserved for LAVTA's future use. This amount, called "prior year funds", "carryover" or "reserves", is also shown in the apportionment resolution. These funds are retained in accordance with the California Administrative Code, in the LTF at the County of Alameda based on terms and conditions determined by MTC.

TDA RESERVES

The following analysis calculates LAVTA's expected reserves at the end of FY2017 based on currently available information about FY 2016

| | |
|--|--|
| Projected Reserves at June 30, 2016 | \$9,589,812 (Projected Carryover 2/24/16) |
| FY2017 Apportionment (estimated) | 9,304,213 (FY17 revenue estimate 2/24/16) |
| FY2017 TDA Funds Available for Allocation | \$18,894,025 |

| | |
|--|--------------------|
| FY2017 Operating Request | 9,325,974 |
| FY2017 Capital Request | 180,000 |
| FY2017 TDA Request for Allocation | \$9,545,974 |

| | |
|---|--------------------|
| Projected Reserves at June 30, 2017 | |
| Reserves at June 30, 2016 | \$9,388,051 |
| Expiring Capital Allocations @June 30, 2016 | 0 |
| FY 2016 Unexpended Funds (Due to LTF) | 746,336 (estimate) |
| FY 2015 Due to LTF | \$2,916,887 |

| | |
|----------------------------------|----------------------------|
| <u>TOTAL TDA RESERVES</u> | <u>\$13,050,274</u> |
|----------------------------------|----------------------------|

STA

A second revenue source administered by MTC is State Transportation Assistance Funds, or STA. LAVTA receives apportionments of STA funds each year: Revenue based (calculated on LAVTA's locally generated revenue as a portion of the region's locally generated revenue) and Population based (based on LAVTA's share of population compared to other small and north county operators). As with TDA, LAVTA receives an estimated apportionment in February, requests an allocation, and the difference is maintained in the County Treasury, but administered by MTC, as reserves.

STA RESERVES

The following analysis calculates LAVTA's expected STA reserves at the end of FY2017 based on currently available information about FY 2016.

Population Based

| | |
|-----------------------------------|--|
| Reserves at June 30, 2016 | \$700,785 (Projected Carryover 5/25/16) |
| FY2017 Apportionment | \$710,627 (FY14 revenue estimate 5/25/16) |
| FY2017 Available STA Funds | \$1,411,412 |

FY2017 STA Request for Allocation **\$700,785**

Reserves at June 30, 2017 **\$710,785**

Revenue Based

| | |
|-----------------------------------|--|
| Reserves at June 30, 2016 | \$198,453 (Projected Carryover 5/25/2016) |
| FY2017 Apportionment | 218,656 (FY16 revenue estimate 5/25/2016) |
| FY2016 Available STA Funds | \$417,109 |

FY2016 STA Request for Allocation **\$198,453**

Reserves at June 30, 2017 **\$218,656**

TOTAL STA RESERVES **\$929,441**

TOTAL TDA and STA RESERVES **\$13,979,715**

RESOLUTION NO. 18-2016

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE LIVERMORE
AMADOR VALLEY TRANSIT AUTHORITY ADOPTING THE OPERATING
AND CAPITAL BUDGET FOR FISCAL YEAR 2017**

WHEREAS the Board of Directors of the Livermore Amador Valley Transit Authority at their meeting of June 6, 2016 reviewed the Operating and Capital Budget for Fiscal Year 2017 for this Authority.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors that the Operating and Capital Budget for the Livermore Amador Valley Transit Authority for Fiscal Year 2017, attached hereto and incorporated herein as Attachment 1, is hereby adopted.

BE IT FURTHER RESOLVED that the Executive Director is authorized to transfer funds within and between costs centers.

APPROVED AND PASSED this 6th day of June, 2016.

Don Biddle, Chair

ATTEST:

Michael Tree, Executive Director