

STAFF REPORT

SUBJECT: LAVTA's Operating & Capital Budget for FY 2018

FROM: Tamara Edwards, Director of Finance

DATE: June 5, 2017

Discussion

Attached for your review is the draft LAVTA Operating Budget for FY 2018 (July 1, 2017 through June 30, 2018). The operating budget includes revenues and expenses required to operate fixed route, Dial-a-Ride, and other projects such as Go Dublin, the shared autonomous vehicles and the Regional Rail Working Group. The total operating budget of \$18,365,924 reflects an overall increase of 6.02% from the FY 2017 budget. This is broken down as an increase of 1.79% in the fixed route budget, and a decrease in the paratransit budget of 4.69%. Other increases come from the addition of the Go Dublin project, the Shared Autonomous Vehicle Project and the Rail Working Group, which were not included in the FY 17 budget. A large portion of these three projects are covered by dedicated grants and allocations. The operating budget was balanced without the need to drawdown from the LAVTA reserve funds. Additionally the FY2018 Capital Budget has been enclosed for your review.

At the Finance and Administration Committee meeting Boardmember Pentin requested additional historic information on TDA and STA funds received over the last five years. This information has been included with the TDA reserve analysis at the end of the budget. Additionally, a funding overview prepared by MTC for their programming and allocations committee showing where these funds are derived, the process for allocating them, and trends and projections for future funding is attached.

Planning for the FY 2018 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. In FY17 LAVTA budgeted \$2.35 per gallon for fuel, however the average price per gallon that LAVTA paid in FY 17 (to date- 5/16/17) is \$1.71. However, with anticipated fuel price increases the amount per gallon for FY 18 was also budgeted at \$2.35 per gallon. Additionally, the amount budgeted for fuel taxes increased to reflect new legislation.

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.

At the meeting, staff will review with the committee the line item budgets for revenues and expenses, highlighting changes from the prior year budget and areas of particular importance.

Recommendation

Review and approve the final Operating and Capital Budget for FY 2018.

Attachments:

1. Operating and Capital Budget FY 2018
2. Resolution 23-2017 Operating and Capital Budget FY2018
3. MTC fund estimate power point presentation

Approved: _____

Fiscal Year 2018



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FY 2018

Operating & Capital Budget

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WHEELS
Livermore Amador Valley Transit Authority
Fiscal Year 2018
Budget Message

Summary Outlook for FY17

LAVTA's FY18 Budget is \$18,365,924 which is 6.02% higher than FY17. The draft budget assumes LAVTA will provide 139,313 fixed route service hours and 58,00 paratransit trips. For the eighth consecutive year, no fare increases are proposed. The Budget for FY18 continues to comply with the Board's policy to maintain reserves equivalent to 3-6 months of operating costs.

FY18's major highlight in operations will be the marketing of the bus system improvements from the Comprehensive Operational Analysis nearly a year ago, which resulted in performance base changes to the fixed route system, including a crucial need to improve the Rapid. Indicators show that the agency is behind on its goal of a 10% ridership increase as of February of 2018. Additionally, staff will continue to work on on-time performance with the bus system. Finally, 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, and will be finishing its Comprehensive Paratransit Plan, a coordinated effort with the city of Pleasanton. The implementation of these plans through a high level of public involvement will allow the agency to provide greater quality service and compete more effectively for discretionary funding in future years.

Medical Transportation Management (MTM) continues to improve the agency's brokerage paratransit services and continues to deliver a high level of on-time performance and overall service.

LAVTA's capital program will have four areas of focus. First, LAVTA has made a 20-bus replacement order that it will take delivery in early FY18. Second, the agency will make improvements at the Livermore Transit Center, including replacement of customer amenities, painting of shade structures, and replacement of furniture for customer service. These changes will complement the relocation and renovation of the Livermore Historic Depot to the Transit Center. Third, new farebox replacements will be initiated on Wheels buses in FY17. And fourth, staff will continue to upgrade bus stop shelters, will install a transit signal priority on the SmartTrips corridor in Pleasanton, and will complete an adaptive signal control project, including three new queue jumps on Dublin Blvd.

As the transit agency enters into FY18, its activities will occur against the backdrop of an economy continuing to gain momentum. FAST ACT, the approved federal transportation bill, provides relatively flat, but stable funding for the next six years. State funding for transportation also remains relatively flat. However, as the benefits of the recently approved SB1 begin to materialize the agency should see modest increases in State Transit Assistance. At the local level the region's Metropolitan Planning Organization is

continuing to fund Regional Measure 2 funding for Route 30R (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.

FY17 Perspective

Before discussing FY18, it is useful to briefly recap this past year. LAVTA's FY17 Budget was \$17,323,890 million, which was 5.74% higher than FY16. For the seventh 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.

FY17's major service highlight was the implementation of the Comprehensive Operational Analysis, or bus system redesign. Prior to developing recommendations, existing ridership, on-time performance, travel patterns, and demographic data were analyzed. Public meetings, stakeholder meeting, 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.

It was projected that after implementation of the changes to the bus system, that ridership would decrease for a period of time before increasing 5% to 10% above pre-implementation ridership within 18 months. In FY17 the ridership did dip as predicted and at the end of the fiscal year the ridership is near its pre-implementation levels. Staff expects that over the next 6 months ridership will surpass pre-implementation levels. However, early signs are showing that the ridership increase may not reach 10% by the end of the 18 month watch period.

Other operational highlights that were implemented in FY17 including the Go Dublin program in the city of Dublin that features an innovative ridesharing partnership with Uber, Lyft and DeSoto Cabs. Additionally, the implementation of the Easy Pass at Las Positas College in combination with the improved service level has nearly doubled student ridership. In total, at the end of FY17 LAVTA had 4 student pass programs implemented.

Other Accomplishments in FY17

Policy Related Matters

- Adopted 2017 Legislative Program and participated in key legislation, including the sponsoring of the AB1444 and a high level of advocacy for AB758

Fixed Route Service

- Completed the annual survey to assess customer satisfaction of fixed route services
- Negotiated revised rates for FY18 with MV Transportation
- Continued service to the Livermore July 4 fireworks event

- 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 third full year with new contractor, MTM
Stabilized ridership through more active trip negotiation, optimizing of trips, and eligibility interviews.

Capital Projects

Rehabilitated 20 Rapid bus stops (replacement of glass and other repairs)
Rehabilitated 10 stops along the SmartTrips corridor in Pleasanton
Continued work with Livermore staff to relocate the historic train depot
Purchased 20 hybrid diesel-electric replacement buses

Marketing

Developed and implemented marketing plan for FY17
More than doubled the speed of the website
Implemented Wi-Fi on Rapid and Express buses
Continued to work on the Wheels brand
Implemented SmartTrips Pleasanton
Created the Las Positas Easy Pass
Conducted targeted marketing of the 580X
Implemented Go Dublin marketing
Continued the High School Ambassador program
Participated in several Tri-Valley parades and community events

Audits/Reviews

Completed the FY16 Financial Audit (CAFR)

Financial Management

Received GFOA's Award of Excellence for Financial Reporting for FY15 CAFR
Continued lease of Atlantis to Google for vehicle storage

Procurement

FY2018 bus purchases w/Gillig
Solar Lights for bus stop improvement program
Exterior advertising for fleet
Parking lot rehab
Shelters for art mural program
ADA front door upgrade
Paratransit study
Individualized Marketing Services
Rail Executive for Working Group

Regional Projects

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 Marketing Manager
- Hired new Marketing Specialist
- Hired a new Senior Grants, Project Management and Contract Specialist
- Completed a re-organization

Major Features of FY18'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 increase 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 FY18, staff recommends that we continue this strategy by placing expected FY18 STA revenues in reserves and spending the FY17 revenues which were distributed to us.

Major Features of FY18's Operating Expenditures

The expenditure budget for FY18 is \$18,365,924, which is \$1,042,034 more (+6.02%) than the budget for FY17. The escalators in the fixed route contract with MV Transportation (2.65%), and the increase in paratransit trip costs of 2%, account for a portion of the budget increase. Other increases are accountable to the Go Dublin Project, the shared autonomous vehicle project and the Altamont Regional Rail Working Group, which were not included in the FY17 budget. A large portion of these three projects are covered by dedicated grants and allocations. 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: FY18 marks the fourth year of potential extensions that are found in the multi-year contract for fixed route O&M services to MV Transportation, and the fourth 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%.

Fuel Prices: For FY18, fuel is assumed to be \$2.35 per gallon, which is the same as what was last year, however the amount assumed for fuel taxes is higher. Total fuel costs and taxes on fuel are approximately \$1.48 million, or about 8% of total spending.

Personnel Costs: The FY18 budget assumes a decrease in the FTEs on staff based on the FY17 reorganization. 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 FY18 Budget that keeps most budgeted line items, which staff has some control over, similar to the amounts in the FY17 Budget.

Major Features of the Capital Budget

The Capital Budget is expected to increase by \$2.2 million over last year. Last year, the theme that dominated the capital budget was the preparation to replace buses in the fleet.

LAVTA has accumulated funds so that in 2017-18 we have sufficient local match to replace the 2003 vintage Gillig buses. Accordingly, LAVTA amassed significant reserves to finance the replacement of these buses. LAVTA has placed the buses on order for deliver in August of 2017.

As previously mentioned, other major capital budget expenditures for FY18 include improvements at the Livermore Transit Center, including replacement of customer amenities (benches and display cases), painting of shade structure, and replacement of furniture for customer service. These changes will complement the relocation and renovation of the Livermore Historic Depot to the Transit Center. Also, new farebox replacement will be initiated on Wheels buses in FY17. And finally, staff will continue to upgrade bus stops, in particular the N Canyons Parkway corridor in Livermore and the Santa Rita Road corridor in Pleasanton, will install transit signal priority on the SmartTrips corridor in Pleasanton, and will complete an adaptive signal control project, including three new queue jumps on Dublin Blvd.

Strategic Plan Guidance and Projects for FY18

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 FY18:

Goal: Service Development

Strategies:

- (1) Provide routes and 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 the connection of BART and ACE rail 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) Market changes to Wheels bus system
- (2) Complete the Long Range Transit Plan
- (3) Complete the Paratransit Study
- (4) Fare Analysis
- (5) Continued participation with Altamont Regional Rail Working Group
- (6) Continued support and input with studies ongoing in the region

Goal: Marketing and Public Awareness

Strategies:

- (1) Implement the FY18 Marketing Plan
- (2) Finish and implement Phase I of Wheels rebranding project
- (3) Establish long term funding for Easy Pass at Las Positas College
- (4) Market with ACTC the Student Pass to specific Livermore Schools

Projects:

- (1) Promotion of new brand (complete Phase I of rebranding plan)
- (2) Development of new phone app
- (3) Video library for Wheels website
- (4) Finish SmartTrips Pleasanton and Implement SmartTrips Dublin
- (5) Promotion of Rapid service and Easy Pass at Las Positas College
- (6) Promotion of new 580X
- (7) Promotion of new Go Dublin
- (8) Continued efforts with Try Transit and High School Ambassadors
- (9) 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 on FY18 Legislative Plan
- (2) Provide support for AB1444 and AB758
- (3) Continue to support Altamont Regional Rail Working Group
- (4) Active Signalization and Queue Jump Installations on Dublin Blvd
- (5) Transit system priority project on Santa Rita Road in Pleasanton

Goal: *Organizational Effectiveness*

Strategies:

- (1) Promote system wide continuous quality improvement
- (2) HR development with focus on employee quality of life and strengthening of technical resources
- (3) Enhance and improve organizational structures, processes and procedures
- (4) 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 FY18 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 Go Dublin.

Summary

To summarize, this FY18 Budget supports 139,313 hours of fixed route service and 58,000 paratransit trips for next year. The Budget assumes that fares are not raised.

At the end of FY17, the forecast is to have \$13.8 million in reserves. 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.

As in prior years' budgets, LAVTA has placed all of its future estimated STA funds 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. New this year are contracted Fare Revenues from Las Positas college student body, Low Carbon Transit Operations Program (LCTOP) to supplement the free fares for Las Positas students, and fares from the Alameda County Transportation Commission (ACTC) for their student pass pilot program.

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

LAVTA currently contracts with Lamar Outdoor Advertising for use of exterior bus advertising space. However, is in the process of awarding a new contract therefore, the amount budgeted is based on expected minimums. LAVTA will receive almost \$19,000 from an agreement with ACE to sell train tickets at 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 \$32,000, while the agreement with Google to park at the Atlantis Facility is expected to generate \$48,000.

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 FY2018 is \$9,778,570 additionally the amount requested in TDA 4.5 funds is \$133,864.

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 \$98,995 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 2018 is \$592,225, and LAVTA has requested revenue based STA funding of \$173,758.

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 18 is \$56,773, and through BART LAVTA will receive \$591,679.

Regional Measure 1 and 2 (RM1) (RM2)

Both Regional Measure 1 and Regional Measure 2 increased the toll on Bay Area bridges by \$1. Funds from these increases were designated to fund projects to improve transit in the Bay Area. LAVTA has received \$580,836 in RM2 funding for the Rapid service, and is receiving reimbursement for consultant expenses for the Alameda San Joaquin Rail group from RM1.

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 \$342,169.

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 \$444,777 in FY18. 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.

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

\$170,441. Another portion of these revenues helps support fixed route service; LAVTA is expected to receive \$905,892 in fixed route revenues for FY 2018.

Measure BB

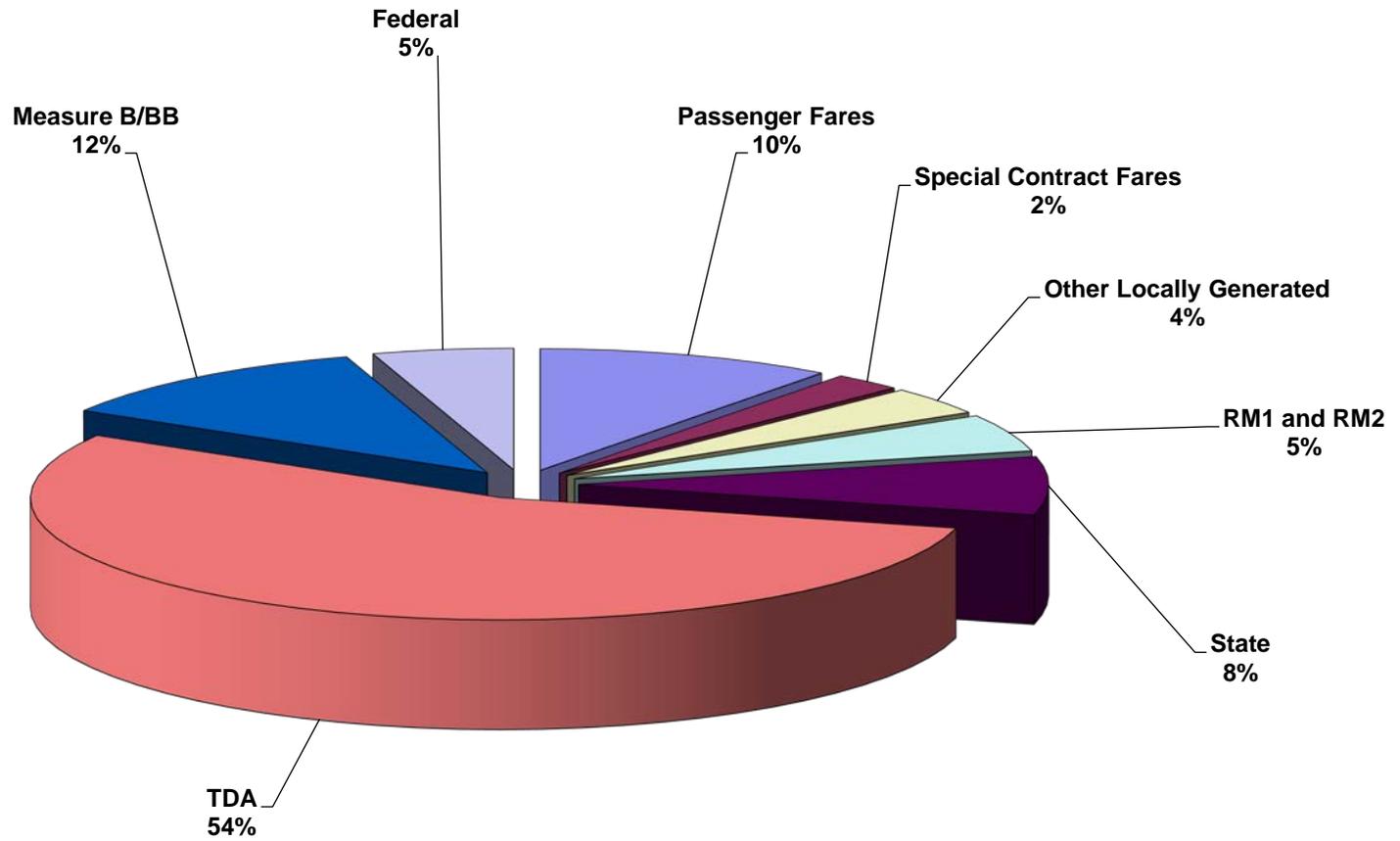
Additionally, voters in Alameda County voted for an addition sales tax increase for transit projects. This measure BB is anticipated to provide an additional \$670,032 in funds for Fixed Route service and \$285,657 for Paratransit service.

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**LAVTA
FY2018 BUDGET
OPERATING REVENUES**

	FIXED ROUTE FUND	PARATRANS. FUND	WOD	Rail	TOTAL FY2018	BUDGET FY2017	% CHANGE
401 Passenger Fares:	\$1,473,687	\$203,000			\$1,676,687	\$1,754,638	-4%
402 Business Park Revenue	\$203,170				\$203,170	\$191,030	6%
402 05 Special Contract Fares:	\$399,028	\$42,000			\$441,028	\$208,286	-100%
406 01 Concessions	\$50,972				\$50,972	\$44,135	15%
406 03 Advertising	\$90,000				\$90,000	\$95,000	-5%
407 04 Interest	\$6,000				\$6,000	\$4,500	33%
407 03 Google Lease	\$48,000				\$48,000	\$24,000	100%
407 99 Clipper Fees and cards	\$8,400	\$0			\$8,400	\$67,733	-88%
409 Transit Development Act (TDA)							
91 Article 4.0	\$8,487,936	\$1,092,662	\$78,571	\$119,401	\$9,778,571	\$9,325,975	5%
92 Article 4.5		\$133,864			\$133,864	\$123,457	8%
95 BART 4.0	\$98,995				\$98,995	\$84,324	17%
96 RM1				\$333,000	\$333,000		
96 RM2	\$580,836				\$580,836	\$580,836	0%
01 TFCA BRT	\$159,000				\$159,000	\$137,500	16%
01 BAAQMD SAV			\$320,000		\$320,000		
411 State Transit Assistance (STA)							
01 Operating-Population Based	\$592,225				\$592,225	\$700,785	-15%
01 Operating-Revenue Based	\$173,758				\$173,758	\$198,153	-12%
01 Regional Paratransit	\$0	\$56,773			\$56,773	\$49,787	14%
01 STA Route 14	\$0				\$0	\$194,324	-100%
05 Regional BART	\$591,679				\$591,679	\$654,479	-10%
413 Federal Transit Administration							
Section 5303	\$0				\$0	\$0	0%
Section 5307	\$444,777	\$342,169			\$786,946	\$765,534	3%
Sectin 5311	\$104,000				\$104,000	\$38,951	167%
JARC Grant (Route 14)	\$0				\$0	\$64,517	-100%
FTA 5310		\$0			\$0	\$10,000	-100%
FTA 5317		\$0			\$0	\$10,000	-100%
464 01 Measure B and BB	\$1,575,924	\$456,098	\$100,000		\$2,132,022	\$1,995,948	7%
TOTAL REVENUE	\$15,088,386	\$2,326,566	\$498,571	\$452,401	\$18,365,924	\$17,323,891	6.02%

OPERATING REVENUE FY2018



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), Alameda San Joaquin Rail consultant 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 2018 at \$2.35 per gallon; fuel for non-revenue vehicles is budgeted at \$3.50 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.

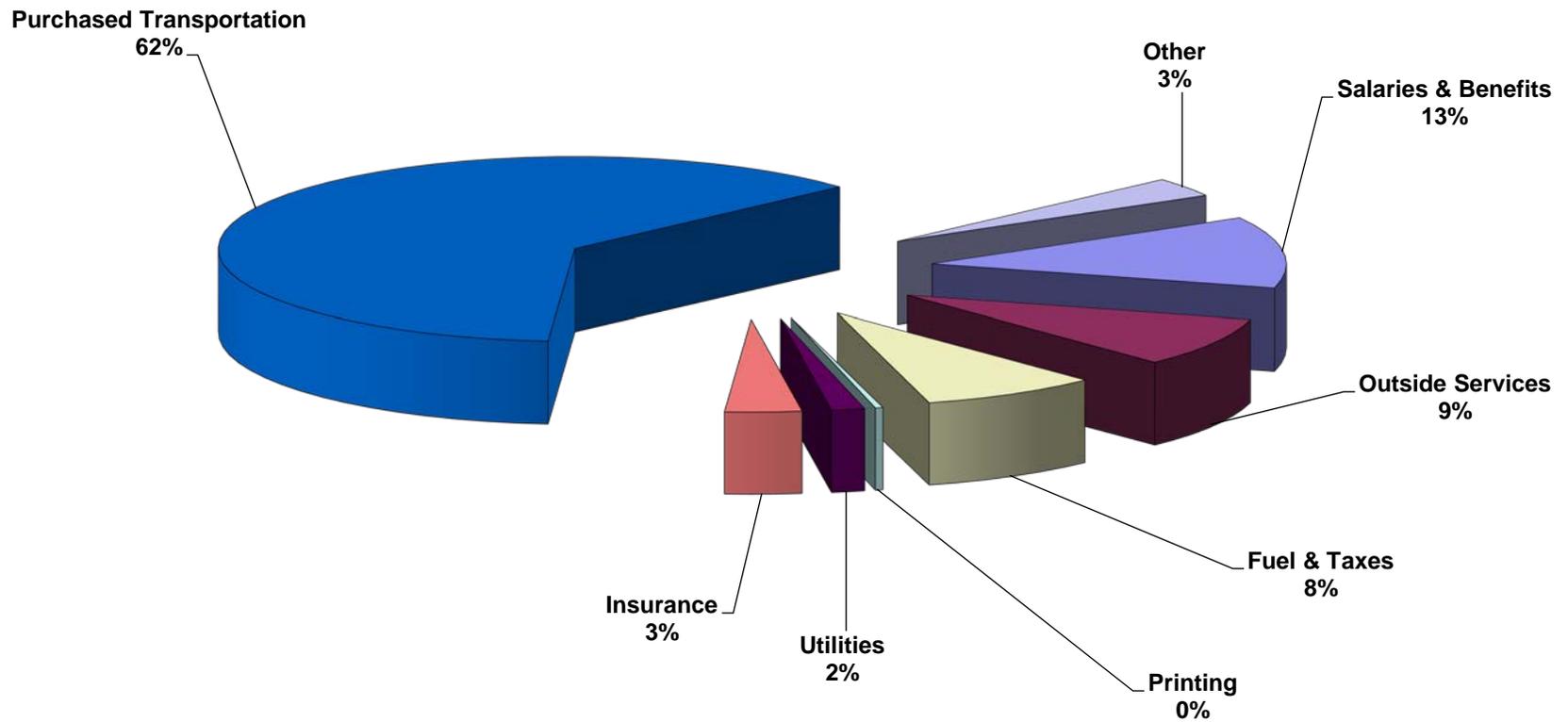
Advertising

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

**LAVTA
FY2018 BUDGET
OPERATING EXPENDITURES**

		GENERAL FUND	PARATRANSIT FUND	Wheels On Demand	Alameda San Joaquin Rail	TOTAL FY 18	BUDGET FY17	
501	02	Salaries and Wages	\$1,114,467	\$137,964	\$30,807	\$79,607	\$1,362,846	\$1,381,056
502	00	Personnel Benefits	\$846,138	\$54,126	\$7,931	\$34,794	\$942,989	\$815,347
503	00	Professional Services	\$499,446	\$103,600	\$50,000	\$333,000	\$986,046	\$699,156
503	05	Non-Vehicle Maintenance	\$580,452	\$5,762	\$0	\$0	\$586,214	\$574,029
503	99	Communications	\$6,500	\$3,000	\$0	\$0	\$9,500	\$10,500
504	01	Parts, Fuel and Lubricants	\$1,174,700	\$0	\$0	\$0	\$1,174,700	\$1,231,310
504	03	Non Contracted Vehicle Maintenance	\$10,550	\$0	\$0	\$0	\$10,550	\$15,000
504	99	Office/Operating Supplies	\$27,625	\$575	\$500	\$0	\$28,700	\$50,500
504	99	Printing	\$63,500	\$0	\$0	\$0	\$63,500	\$60,000
505	00	Utilities	\$272,454	\$3,546	\$0	\$0	\$276,000	\$266,900
506	00	Insurance	\$626,405	\$10,833	\$0	\$0	\$637,238	\$590,936
507	99	Taxes and Fees	\$302,000	\$0	\$0	\$0	\$302,000	\$152,000
508	01	Purchased Transportation	\$9,338,719	\$1,994,500	\$75,000	\$0	\$11,408,219	\$11,120,934
509	00	Miscellaneous	\$94,830	\$9,160	\$333,333	\$5,000	\$442,323	\$126,504
509	02	Professional Development	\$36,600	\$3,500	\$0	\$0	\$40,100	\$39,718
509	08	Advertising	\$94,000	\$0	\$1,000	\$0	\$95,000	\$190,000
		TOTAL TRANSIT OPERATIONS AND MAINTENANCE	\$15,088,386	\$2,326,566	\$498,571	\$452,401	\$18,365,924	\$17,323,890

OPERATING EXPENDITURES FY 2018



CAPITAL IMPROVEMENT PROGRAM – FY 2018

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 FY18.

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 FY18 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. This year LAVTA is receiving 1.6 Million from the Alameda CTC to improve the shelters on the Santa Rita corridor.

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 began 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 service to Rapid and commuter 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 FY18. For FY 18 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.

TSP Upgrade

There is no TSP along Santa Rita Road, which is a key corridor that has been

identified for increased ridership. Additionally we are upgrading the entire TSP network in the Tri-Valley to a GPS-based system.

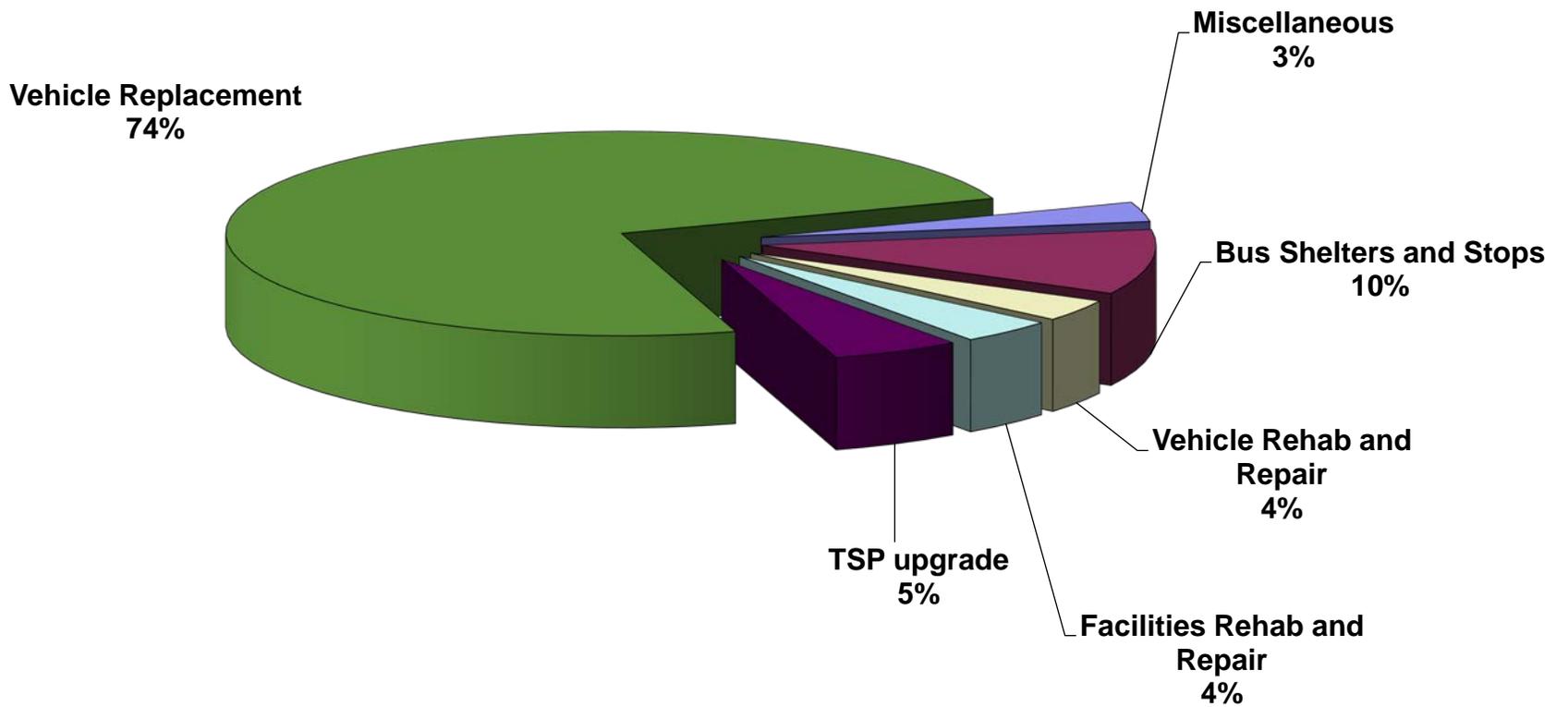
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**LAVTA
FY2018 BUDGET
PROJECT DETAIL**

Capital Improvement Program

Project	FTA FUNDS	BRIDGE TOLLS	CTC CIP	TVTC	TDA 4.0	Prop 1B	BUDGET FY18
Bus Replacement	\$12,312,300	\$535,578			\$2,738,770		\$15,586,648
Transit Center Upgrades and Improvements					\$273,493	\$126,507	\$400,000
Bus Shelters, signs, and Stops	\$300,000		\$1,600,000		\$212,461	\$117,539	\$2,230,000
IT upgrades and replacement					\$35,000		\$35,000
Office and Facility Equipment					\$100,000	\$177,390	\$277,390
Transit Capital					\$100,000		\$100,000
Shop Repairs and Replacements					\$85,000		\$85,000
TSP upgrade				\$1,140,000			\$1,140,000
Doolan tower upgrade					\$10,000		\$10,000
TPI Projects	\$504,564				\$66,000		\$570,564
Rebranding bus wrap					\$175,000		\$175,000
Vehicle Repairs					\$30,000		\$30,000
WiFi						\$36,696	\$36,696
Farebox Upgrade	\$398,242				\$101,758		\$500,000
Non Revenue Vehicle replacement	\$367,200				\$144,800		\$512,000
Security upgrades						\$36,696	\$36,696
TOTAL	\$13,882,306	\$535,578	\$1,600,000	\$1,140,000	\$4,072,282	\$494,828	\$21,724,994

CAPITAL PROGRAM FY 2018



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 FY2018 based on currently available information about FY 2017

Projected Reserves at June 30, 2017	\$9,896,005 (Projected Carryover 2/22/17)
FY2017 Apportionment (estimated)	9,778,570 (FY18 revenue estimate 2/22/17)
FY2018 TDA Funds Available for Allocation	\$19,674,575

FY2018 Operating Request	9,778,570
FY2018 Capital Request	3,872,282
FY2018 TDA Request for Allocation	\$13,650,852

Projected Reserves at June 30, 2018	
Reserves at June 30, 2017	\$6,023,723
Expiring Capital Allocations @June 30, 2016	1,098,742
FY 2017 Unexpended Funds (Due to LTF)	174,339 (estimate)
FY 2016 Due to LTF	\$5,866,550

<u>TOTAL TDA RESERVES</u>	<u>\$13,163,354</u>
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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 FY2018 based on currently available information about FY 2017.

Population Based

Reserves at June 30, 2017	\$592,225 (Projected Carryover 2/22/17)
FY2018 Apportionment	\$666,477 (FY18 revenue estimate 2/22/17)
FY2018 Available STA Funds	\$1,258,702
FY2018 STA Request for Allocation	\$592,225
Reserves at June 30, 2018	\$666,477

Revenue Based

Reserves at June 30, 2017	\$173,758 (Projected Carryover 2/22/2017)
FY2018 Apportionment	194,878 (FY18 revenue estimate 2/22/2017)
FY2018 Available STA Funds	\$368,636
FY2018 STA Request for Allocation	\$173,758
Reserves at June 30, 2018	\$194,878
<u>TOTAL STA RESERVES</u>	<u>\$861,355</u>

TOTAL TDA and STA RESERVES **\$14,024,709**

TDA and STA historical data

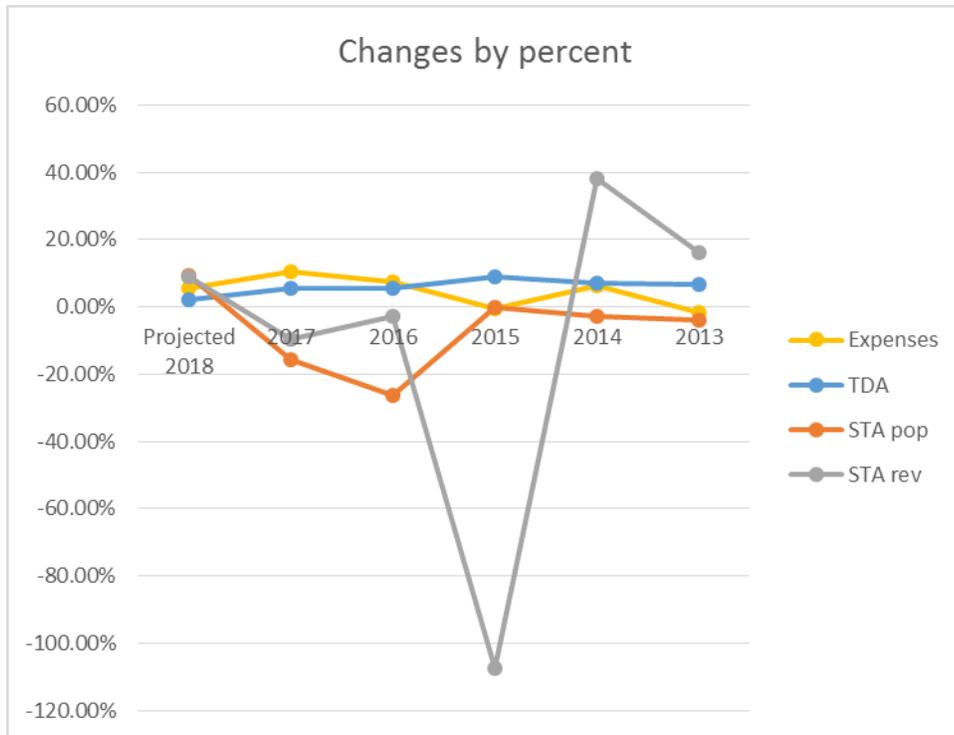
The tables below illustrates the TDA 4.0 and 4.5 (paratransit) funds, followed by STA population based, STA revenue based, and STA paratransit funds allocated to LAVTA from 2012 through 2017, plus the projected amounts for 2018.

TDA 4.0			TDA 4.5		
		% Change from prior year			% Change from prior year
Projected 2018	\$ 9,778,570	2.11%	2018	\$ 133,864	7.77%
2017	\$ 9,571,879	5.67%	2017	\$ 123,457	-4.80%
2016	\$ 9,028,814	5.38%	2016	\$ 129,379	4.82%
2015	\$ 8,542,974	8.96%	2015	\$ 123,138	10.25%
2014	\$ 7,777,582	7.22%	2014	\$ 110,519	11.08%
2013	\$ 7,216,357	6.83%	2013	\$ 98,270	2.77%
2012	\$ 6,723,804		2012	\$ 95,547	

STA pop			STA rev		
		% Change from prior year			% Change from prior year
Projected 2018	\$ 666,477.00	9.27%	Projected 2018	\$ 194,878.00	9.11%
2017	\$ 604,691.00	-15.89%	2017	\$ 177,130.00	-9.74%
2016	\$ 700,785.00	-26.18%	2016	\$ 194,378.00	-2.67%
2015	\$ 884,220.00	-0.34%	2015	\$ 199,577.00	-107.50%
2014	\$ 887,213.00	-2.64%	2014	\$ 414,113.00	37.97%
2013	\$ 910,658.00	-3.83%	2013	\$ 256,862.00	16.10%
2012	\$ 945,542.00		2012	\$ 215,503.00	

STA Para		
		% Change from prior year
2018	\$ 56,773	12.62%
2017	\$ 49,608	0.98%
2016	\$ 49,123	-50.91%
2015	\$ 74,130	1.73%
2014	\$ 72,846	8.03%
2013	\$ 66,997	0.56%
2012	\$ 66,624	

The chart below illustrates the percentage change in TDA 4.0, STA revenue based, and STA population based in addition to the changes in the expenses for FY's 2012-2018. 2012-2016 are actual expenses and 2017-2018 are budgeted expenses.



RESOLUTION NO. 23-2017

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE LIVERMORE
AMADOR VALLEY TRANSIT AUTHORITY ADOPTING THE OPERATING
AND CAPITAL BUDGET FOR FISCAL YEAR 2018**

WHEREAS the Board of Directors of the Livermore Amador Valley Transit Authority at their meeting of June 5, 2017 reviewed the Operating and Capital Budget for Fiscal Year 2018 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 2018, 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 5th day of June, 2017.

Steven Spedowfski, Chair

ATTEST:

Michael Tree, Executive Director



Photo © Dan Zack, AICP



**FY 2017-18 Fund Estimate
MTC Resolution No. 4268**

Programming and Allocations Committee
Wednesday, February 8, 2017

MTC's Fund Estimate

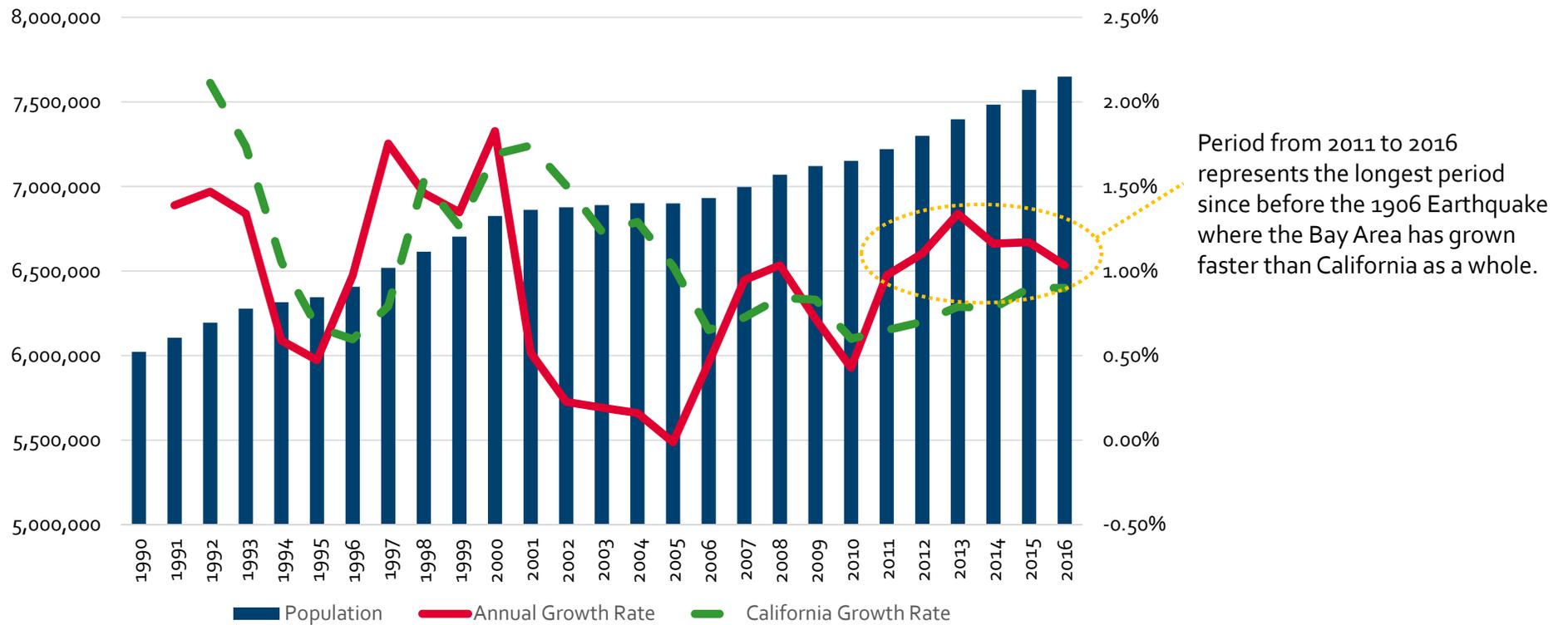
- State law requires MTC to complete a Fund Estimate by March 1st, annually
- Assists claimants in budgeting
- Provides estimate and apportionment of TDA as required by California Code of Regulations
- Approximately 40% of Bay Area transit operating revenues are based on sales and use taxes

Fund Estimate Overview

Fund Source	Description	FY 2016-17 Revised Estimate \$ millions	FY 2017-18 Estimate \$ millions
TDA	¼-cent sales tax in each county	\$379	\$388
AB1107	MTC administered portion (25%) of the ½-cent sales tax in Alameda, Contra Costa, and San Francisco counties	\$83	\$85
STA*	Sales tax on diesel fuel	\$100	\$111
Cap and Trade: LCTOP*	5% of state Cap and Trade proceeds	\$13	\$28
Bridge Tolls (programming amount)	AB 664, MTC 2%, and 5% State General Fund	\$7	\$42
Total		\$582	\$654

*STA amounts estimated based on the Governor's FY 2017-18 budget and are subject to revision.

Bay Area Population

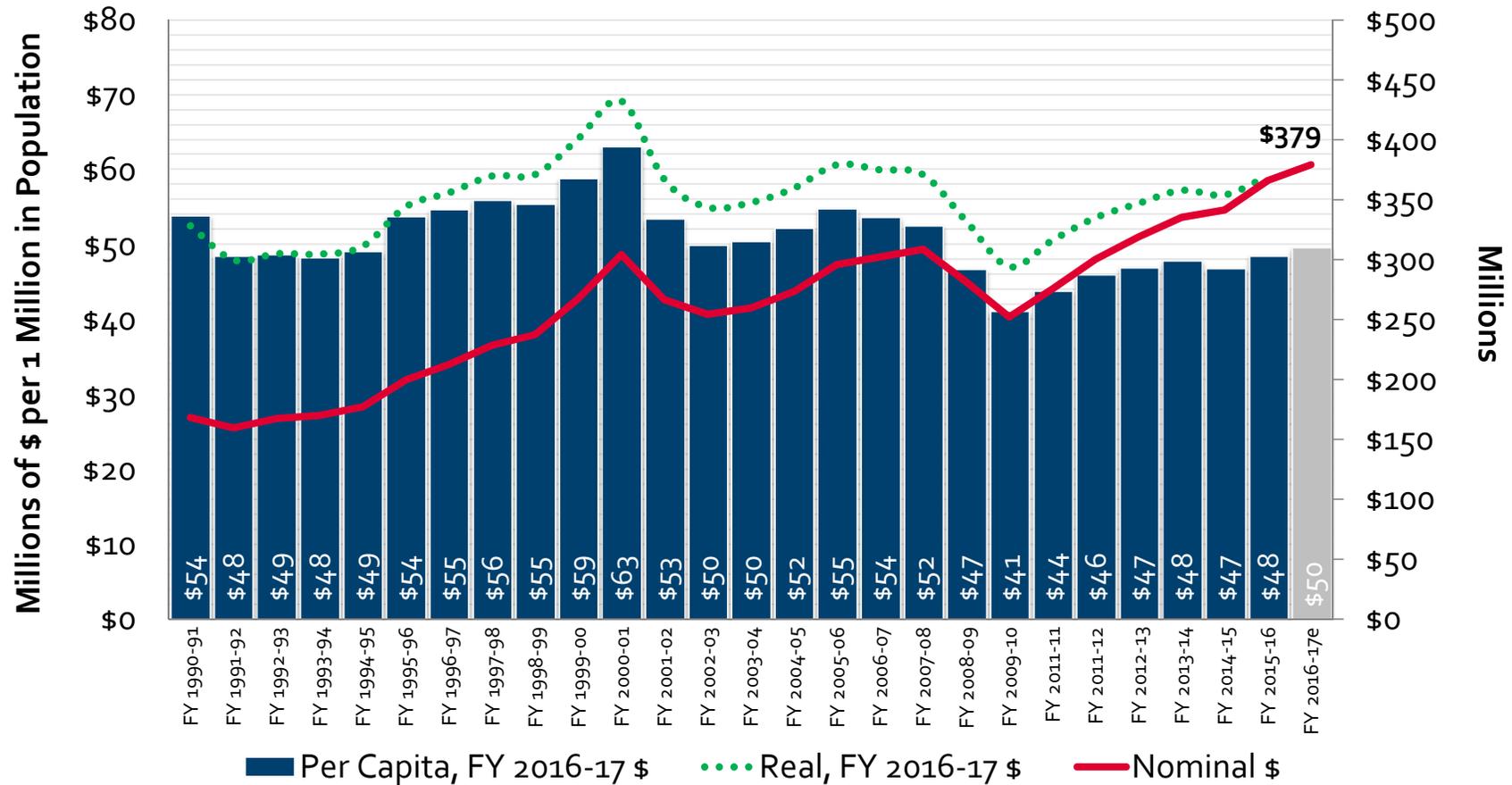


Source: California Department of Finance - <http://www.dof.ca.gov/research/demographic/reports/>

TDA Overview

- Transportation Development Act (TDA)
- 1/4-cent general sales and use tax for transportation
- Mainly used for transit operations and capital
- TDA revenue generation estimates provided by County Auditor/Controllers

TDA, A Declining Source of Revenue



Source:

1. Actuals reported by CA State BOE
2. FY 2016-17 estimates from FY 2016-17 Fund Estimate

Why is Sales Tax Revenue Decreasing?

- Manufacturing in the region is decreasing
 - 458k jobs in 1990; 331k in 2015
- Services jobs are growing
 - Professional and Business services: 403k jobs in 1990; 741k in 2015
- Online retail
- Housing affordability
 - In 1990 32% of Bay Area renters spent over 35% of income on housing; by 2013 42% did – less discretionary spending
- Extending the ¼-cent TDA sales tax to services could generate \$0.5 - \$1 billion per year¹

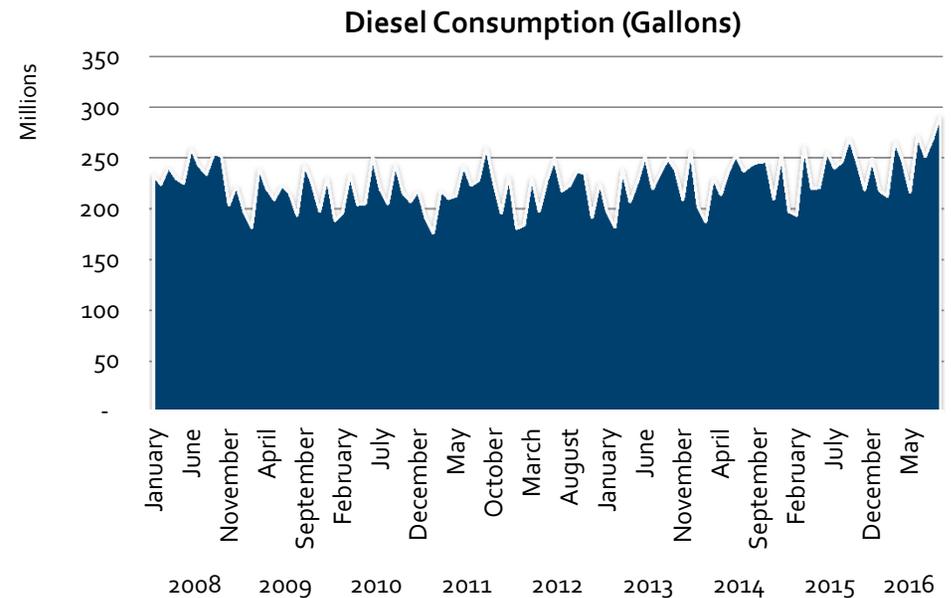
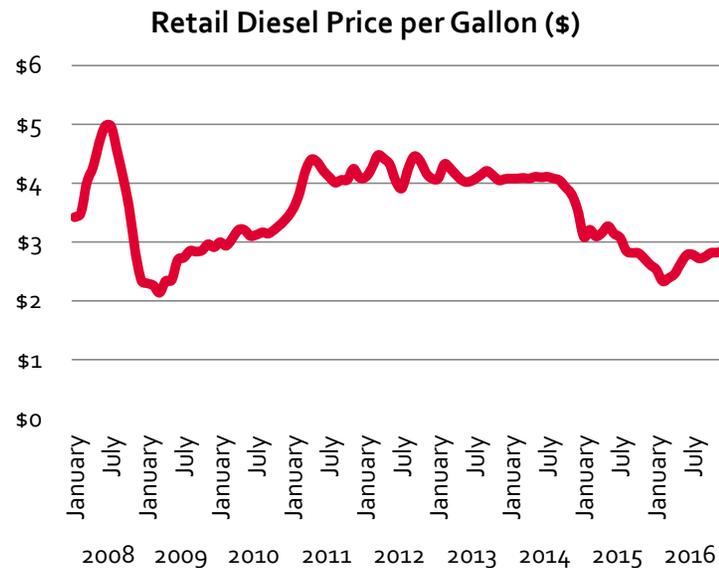
¹Rough estimates based on data from U.S. BEA and California BOE, revenue potential varies dramatically based on methodological assumptions.

STA Overview

- State Transit Assistance (STA)
- Revenues generated through a statewide tax on the sale of diesel fuel
 - 50% distributed to region by population
 - 50% distributed to transit operators based on revenue factors
- Mainly used for transit operations
- State Controller's Office (SCO) changes
 - SB 838 (2016) and current statewide efforts

STA Revenue Estimate

- STA program revenue has been decreasing for several years due to declining diesel prices
- FY 2017-18 State Budget is projecting a 12% increase in STA revenues



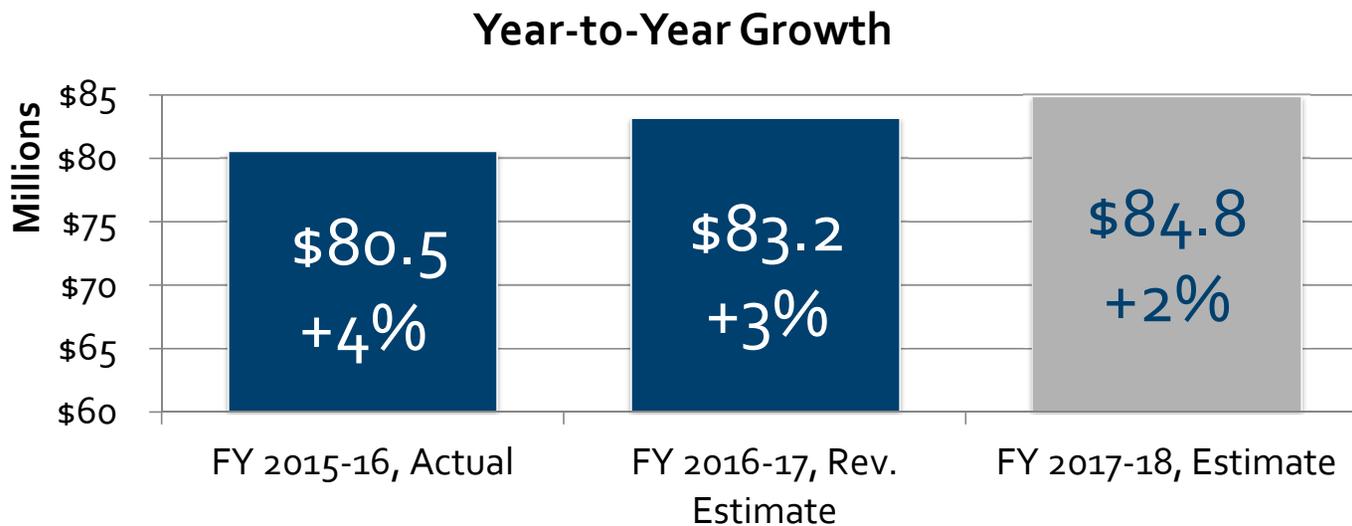
Sources:
 STA revenue estimates from CA State Controller's Office - www.sco.ca.gov/ard_payments_transit.html
 Diesel Prices from U.S. Energy Information Administration - www.eia.gov/petroleum/gasdiesel/
 Diesel Consumption from CA State BOE - www.boe.ca.gov/sptaxprog/spftrpts.htm

AB1107 Overview

- 25% of BART's ½-cent general sales and use tax revenue generated in Alameda, Contra Costa, and San Francisco counties
- MTC estimates and establishes funding distribution policy
 - AC Transit, BART, and SFMTA eligible by law
 - Historically, distributed 50% to AC Transit and 50% to SFMTA
- Mainly used for transit operations

AB1107 Revenue Estimates

- AB 1107 revenues have been growing since FY 2010-11. Revenue has increased by 51% since 2010 when total revenue was \$55 million.



Source:

1. Actuals reported by CA State BOE
2. FY 2017-18 estimate from FY 2017-18 Fund Estimate

Bridge Toll Revenues

- Annual distributions and policies established in Resolution Nos. 4015 and 4022

Fund Source	FY 2017-18 Programming
AB 664	\$37.6 million
MTC 2% Toll	
Ferry Capital	\$1 million
ABAG Bay Trail	\$450,000
2% Subtotal	\$1.45 million
5% State General Fund	
Ferry	\$3 million
ABAG Bay Trail	\$273,421
5% Subtotal	\$3.3 million

Cap and Trade Revenues

- Low Carbon Transit Operations Program (LCTOP) revenues are included in the Fund Estimate for informational purposes
 - Revenue-based and Population-based funds
 - Distributed to regions by the same formula as State Transit Assistance
- LCTOP fund policy set forth through MTC's Cap and Trade Framework
- LCTOP revenues are derived from Cap and Trade auction proceeds and were impacted by reduced auction proceeds in 2016

FY 2016-17 Estimate \$ millions	FY 2017-18 Estimate \$ millions
\$13	\$28