

S T A F F R E P O R T

SUBJECT: Update on FY 2021 Operating and Capital Budget

FROM: Tamara Edwards, Director of Finance

DATE: June 1, 2020

Action Requested

Review the updated expense and revenue forecasts for Fiscal Year (FY) 2021 and approve a revised Capital Budget.

Background

At the May 4, 2020 Board of Directors meeting, staff presented a budget for Board approval based on pre-COVID conditions with the understanding that updates would be provided once additional economic forecasts were received.

As the Operating Budget approved by the Board in May of 2020 is anticipated to cover Operating Expenses under any of these scenarios there is no need to approve a new operating budget. However, the Capital Budget being presented here is more than the original budget and therefore will need approval

Discussion

Attached for your review is an updated revenue and expenditure forecast for Capital and Operating for FY 2021 (July 1, 2020 through June 30, 2021). The operating portion includes revenues and expenses required to operate fixed route service, paratransit services, Go Tri-Valley, and the shared autonomous vehicle program.

Revenues

Staff has received information from both the Metropolitan Transportation Commission (MTC) and the Alameda County Transportation Commission (ACTC) regarding projections for the various revenue sources they oversee. Staff has taken this information, as well as other information regarding expected economic conditions to create a revenue forecast. Staff developed several iterations of the revenue forecasts but would like to proceed with the following set of assumptions. These assumptions include: a 40% decrease in State and Local tax and bridge toll-based revenues, and a 90% decrease in passenger fares as a result of the free fare promotion and the decrease in ridership. The assumptions are a little more conservative than the one shared by MTC, however, staff believes it provides a good buffer in case of additional revenue losses.

The revised operating revenue of \$18.5 million reflects an overall decrease of \$2.3 million or 11 percent from the original FY 2021 budget. These revenues include LAVTA using both tranches of the CARES Act funding in FY 2021. This is made possible by the anticipated under-run in the FY 2020 budget. Revenues are expected to come in under budget primarily due to COVID related changes in the economy while expenses are anticipated to come in

under budget due to a number of reasons including: lower fuel prices and consumption, decreased paratransit demand, a renegotiated rate with our Fixed Route Operations and Maintenance Contractor, MV Transportation, and a few projects that were put on hold due to the pandemic.

Operating Expenses

For FY 2021, staff prepared three scenarios in terms of expenditures as they correlate with service levels discussed in the previous agenda item. The table below shows these scenarios and how they relate to the revenue projections. Expense details are provided for the Boards review aligned with the intermediate case scenario.

Capital

The updated FY2021 Capital Budget of \$26.4 million includes \$2.3 million in TDA. Funds for design of the Atlantis Facility, Real Time Automated Passenger Counters, and Driver Barriers were added to the original Capital Budget. Please see attachment one for more detail.

The table below shows the three operating scenarios and the expenses associated with each one compared to the budget approved by the Board in May 2020. The table also shows the difference between the operating expense and the total anticipated revenue available for FY 2021.

Reserves

Any scenario where expenses exceed revenues would result in the need to use funds from LAVTA’s reserves. The column on the far right shows how each scenario paired with the capital budget would affect the reserves. A reserve analysis is presented at the end of the budget showing what the levels would be based on the Intermediate case and anticipated revenues.

Scenario	Revised Operating Expense FY21	Reduction from original FY 21 Budget	Difference between Revised Expense and Revenues	Capital (TDA portion)	Net Amount Surplus/ (Shortfall)
Best Case	\$19,482,908	\$1,337,819	-\$962,199	\$2,253,700	-\$3,215,899
Likely Case	\$17,453,428	\$3,367,299	\$1,067,281	\$2,253,700	-\$1,186,419
Worst Case	\$16,836,403	\$3,984,324	\$1,684,306	\$2,253,700	-\$569,394

Recommendation

Staff requests that the Board of Directors approve the revised Capital Budget for FY2021.

Attachments:

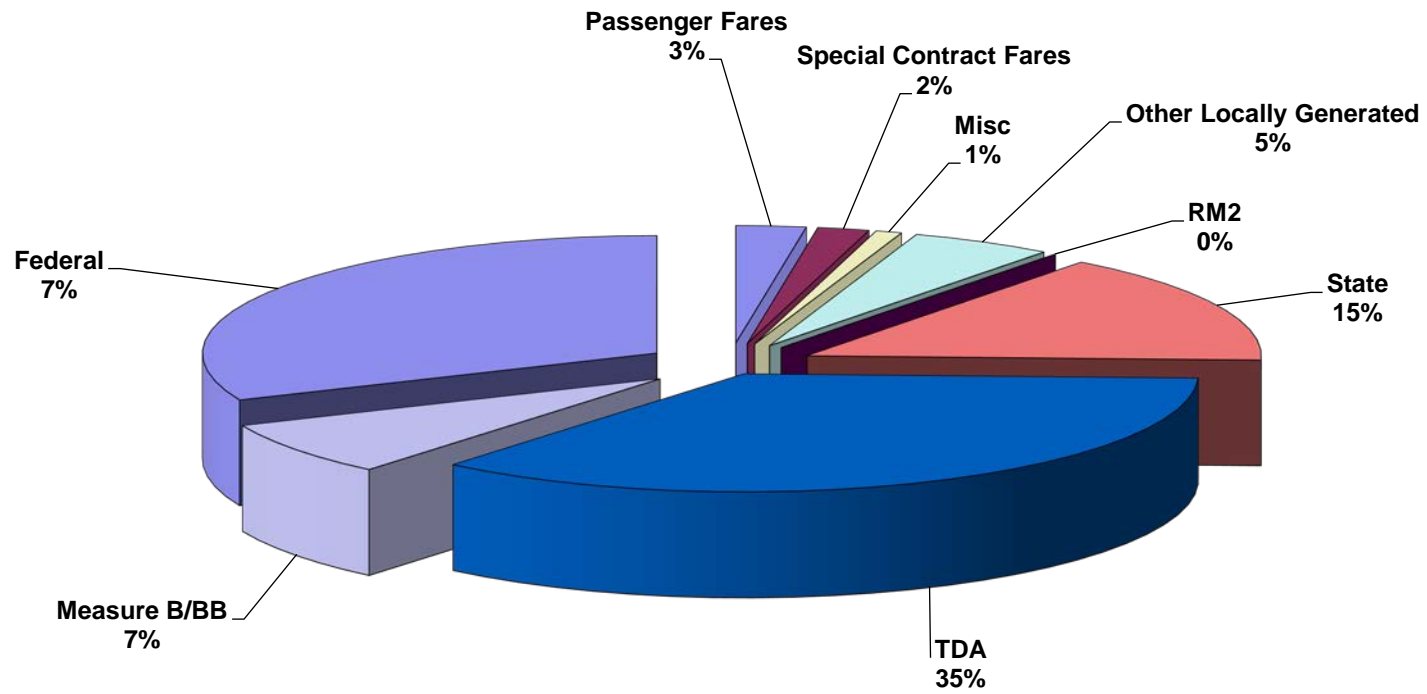
1. Amended Capital Budget FY 2021 and Intermediate Case Operating Scenario
2. Resolution 16-2020 Amended Capital Budget FY2021

Approved: _____

**LAVTA
FY2021 BUDGET
OPERATING REVENUES**

	FIXED ROUTE FUND	PARATRANS. FUND	WOD	TOTAL FY2021	Original Budget FY2021	% CHANGE
401 Passenger Fares:	\$340,454	\$93,750		\$434,204	\$1,140,773	-62%
402 Business Park Revenue	\$72,020			\$72,020	\$246,067	-71%
402 05 Special Contract Fares:	\$218,288	\$30,000		\$248,288	\$652,548	-62%
406 01 Concessions	\$58,872		\$0	\$58,872	\$57,984	2%
406 03 Advertising	\$30,000		\$ -	\$30,000	\$95,000	-68%
407 04 Interest	\$25,000			\$25,000	\$25,000	0%
407 03 Google Lease	\$48,000		\$0	\$48,000	\$48,000	0%
407 99 Clipper Fees and cards	\$0			\$0	\$0	0%
409 Transit Development Act (TDA)						
91 Article 4.0	\$5,422,938	\$618,446	\$0	\$6,041,385	\$9,941,237	-39%
92 Article 4.5		\$87,527		\$87,527	\$123,996	-29%
95 BART 4.0	\$58,163			\$58,163	\$82,398	-29%
96 RM2	\$0			\$0	\$580,836	-100%
01 Bridge Toll (RM2)	\$348,502			\$348,502	\$238,500	46%
01 BAAQMD and TFCA	\$286,316		\$252,190	\$538,506	\$300,006	79%
411 State Transit Assistance (STA)						
01 Operating-Population Based	\$793,498			\$793,498	\$1,124,122	-29%
01 Block Small Operator	\$888,731			\$888,731	\$1,259,035	100%
01 Operating-Revenue Based	\$208,552			\$208,552	\$295,448	-29%
01 Regional Paratransit		\$66,305		\$66,305	\$93,932	-29%
01 STA Lifeline	\$38,281			\$38,281	\$54,232	100%
05 Regional BART	\$415,450			\$415,450	\$588,554	-29%
01 CalTrans	\$250,000			\$250,000	\$250,000	100%
413 Federal Transit Administration Section 5307	\$5,088,000	\$412,325		\$5,500,325	\$1,500,325	267%
464 01 Measure B and BB	\$972,559	\$329,263	\$0	\$1,301,822	\$2,122,736	-39%
TOTAL REVENUE	\$15,563,622	\$1,637,616	\$252,190	\$17,453,428	\$20,820,728	-16.17%

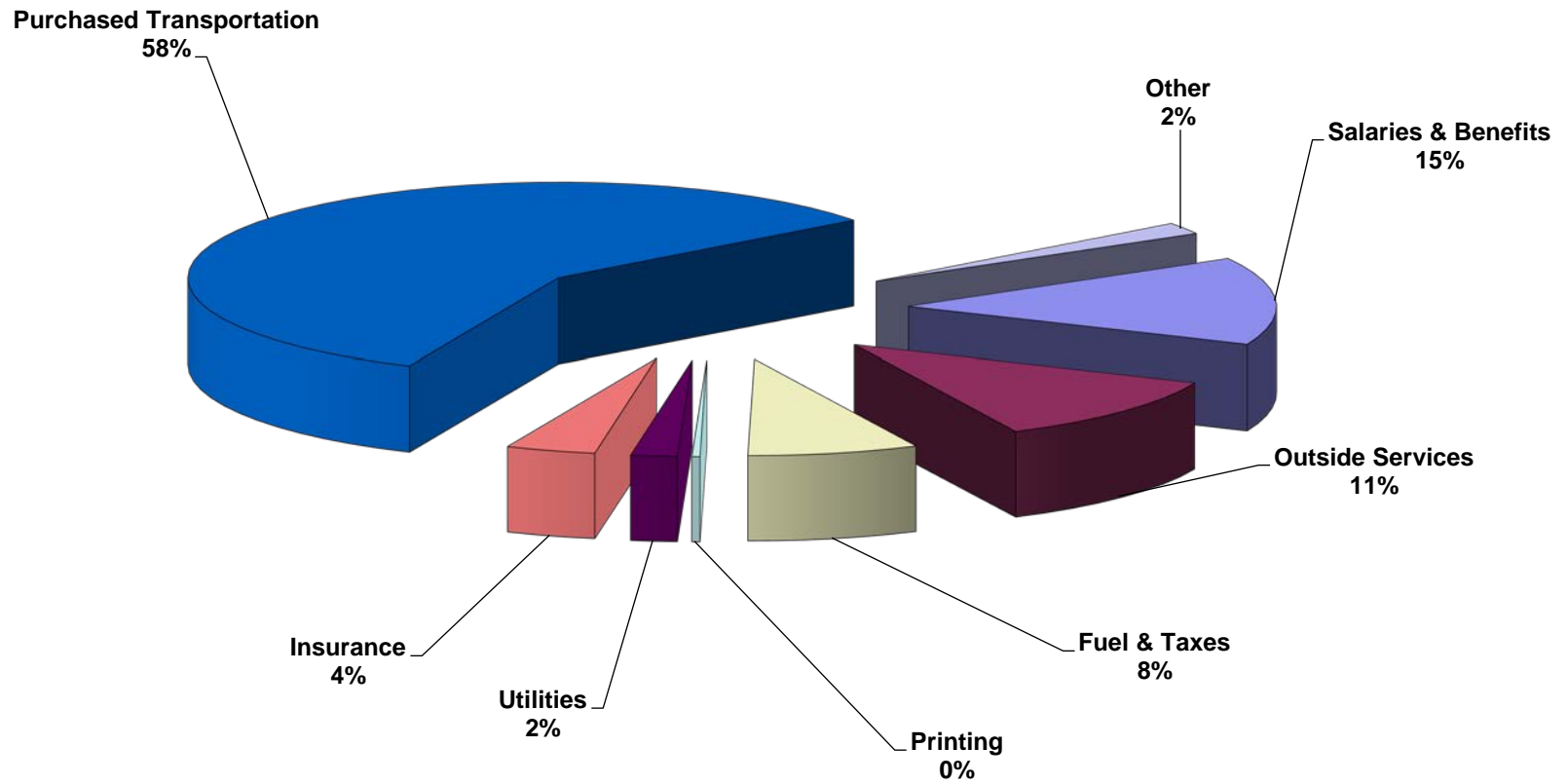
OPERATING REVENUE FY2021



**LAVTA
FY2021 BUDGET
OPERATING EXPENDITURES**

		GENERAL FUND	PARATRANSIT FUND	Wheels On Demand	TOTAL FY 21	ORIGINAL BUDGET FY21	% CHANGE
501 02	Salaries and Wages	\$1,343,140	\$170,562	\$74,045	\$1,587,747	\$1,724,066	-8%
502 00	Personnel Benefits	\$926,868	\$65,495	\$7,619	\$999,982	\$944,210	6%
503 00	Professional Services	\$1,025,430	\$30,450	\$92,500	\$1,148,380	\$1,108,380	4%
503 05	Non-Vehicle Maintenance	\$814,571	\$10,872	\$0	\$825,443	\$864,315	-4%
503 99	Communications	\$6,500	\$2,000	\$0	\$8,500	\$9,500	-11%
504 01	Parts, Fuel and Lubricants	\$1,021,500	\$0	\$0	\$1,021,500	\$1,386,600	-26%
504 03	Non Contracted Vehicle Maintenance	\$3,000	\$0	\$0	\$3,000	\$3,000	0%
504 99	Office/Operating Supplies	\$56,030	\$6,387	\$0	\$62,417	\$64,917	-4%
504 99	Printing	\$43,614	\$17,000	\$0	\$60,614	\$85,614	-29%
505 00	Utilities	\$346,513	\$4,723	\$0	\$351,235	\$351,235	0%
506 00	Insurance	\$675,876	\$6,827	\$0	\$682,703	\$682,703	0%
507 99	Taxes and Fees	\$277,000	\$0	\$0	\$277,000	\$302,000	-8%
508 01	Purchased Transportation	\$8,755,092	\$1,314,813	\$76,026	\$10,145,931	\$12,971,210	-22%
509 00	Miscellaneous	\$170,720	\$8,757	\$0	\$179,477	\$133,479	34%
509 02	Professional Development	\$37,000	\$2,500	\$0	\$39,500	\$69,500	-43%
509 08	Advertising	\$58,000	\$0	\$2,000	\$60,000	\$120,000	-50%
TOTAL TRANSIT OPERATIONS AND MAINTENANCE		\$15,560,853	\$1,640,384	\$252,190	\$17,453,428	\$20,820,728	-16.2%

OPERATING EXPENDITURES FY 2021

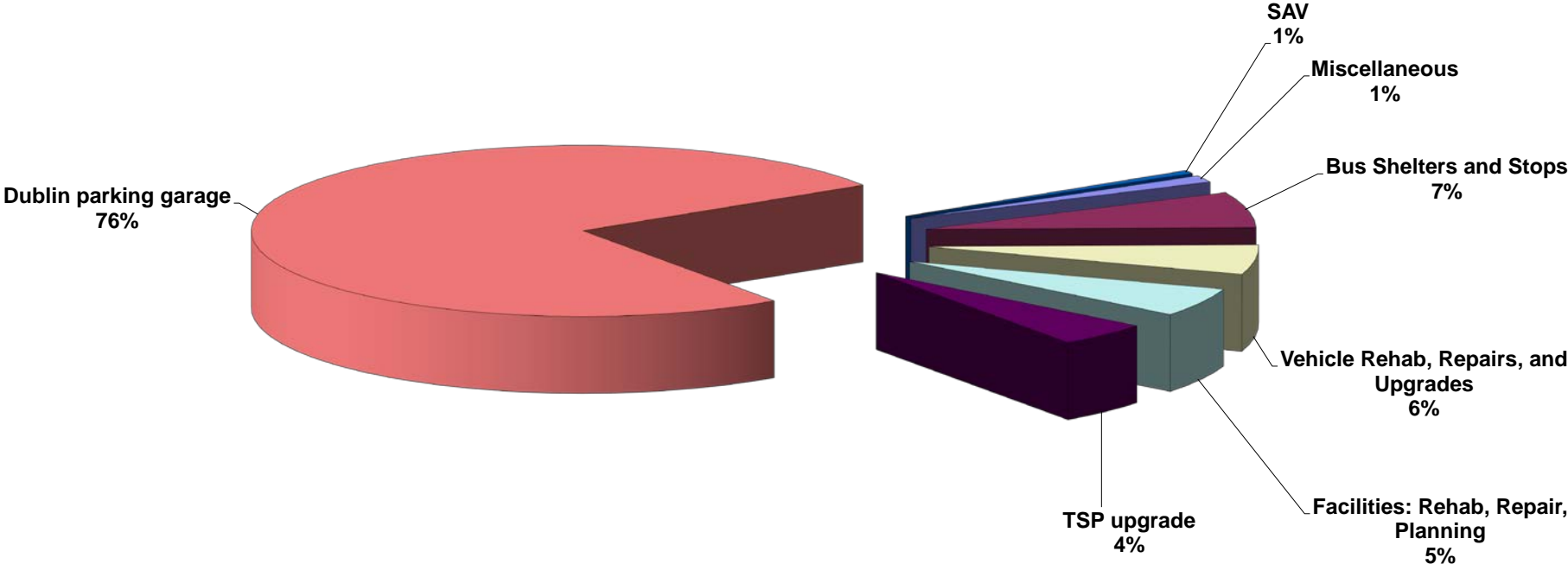


**LAVTA
FY2021 BUDGET
PROJECT DETAIL**

Capital Improvement Program

Project	FTA FUNDS	BAAQMD	State	CTC CIP	TVTC	TDA 4.0	Prop 1B	BUDGET FY21
Transit Center Upgrades and Improvements	\$440,000					\$110,000	\$20,000	\$570,000
Bus Shelters, signs, and Stops			80,640	\$1,277,410		\$416,000		\$1,774,050
Radio upgrade						\$6,700		\$6,700
Office and Facility Equipment						\$199,000		\$199,000
Transit Capital						\$100,000		\$100,000
Shop Repairs and Replacements						\$100,000	\$200,962	\$300,962
TSP upgrade					\$1,140,000	\$66,000		\$1,206,000
Doolan tower upgrade						\$30,000		\$30,000
Atlantis Facility						\$350,000		\$350,000
Real Time APC						\$200,000		\$200,000
SAV		\$168,194						\$168,194
Dublin Parking Garage			\$20,000,000					\$20,000,000
Bus Add ons						\$266,000		\$266,000
Vehicle Repairs	\$800,000					\$410,000		\$1,210,000
TOTAL	\$1,240,000	\$168,194	\$20,080,640	\$1,277,410	\$1,140,000	\$2,253,700	\$220,962	\$26,380,906

Capital Projects FY 2021



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 14% 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 FY2021 based on currently available information about FY 2020

Projected Reserves at June 30, 2020	\$8,376,737 (Projected Carryover 2/26/20)
Estimated Decrease	-1,732,454
FY2021 Apportionment (estimated)	11,847,775 (FY21 revenue estimate 2/26/20)
Estimated Decrease	-4,739,110
FY2021 TDA Funds Available for Allocation	\$13,752,948

FY2021 Operating Request (Middle of the road)	\$6,041,384
FY2021 Capital Request	2,253,700
FY2021 TDA Request for Allocation	\$8,295,084

Projected Reserves at June 30, 2021	
Reserves at June 30, 2021	\$5,457,864
Expiring Capital Allocations @ June 30, 2020	0
FY 2020 Unexpended Funds (Due to LTF)	0 (estimate)
Prior year Due to LTF	\$13,093,436

<u>TOTAL TDA RESERVES</u>	<u>\$18,551,300</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). The population based apportionment is administered by ACTC. As with TDA, LAVTA receives an estimated apportionment in February, requests an allocation, and the difference is maintained in the County Treasury, as reserves.

STA RESERVES

The following analysis calculates LAVTA's expected STA reserves at the end of FY2020 based on currently available information about FY 2020.

Revenue Based

Reserves at June 30, 2020	\$353,830 (Projected Carryover 2/26/2020)
Estimated Decrease	-\$8,846
FY2021 Apportionment	347,586 (FY20 revenue estimate 2/26/2020)
Estimated Decrease	-139,034
FY2021 Available STA Funds	\$553,536

Population Based

Reserves at June 30, 2020	\$0
FY 2021 Apportionment	\$1,322,496 (FY20 revenue estimate 2/26/2020)
Estimated Decrease	-528,998
FY 2021 Available STA Funds	\$793,498

Block

Reserves at June 30, 2020	\$0
FY 2021 Apportionment	\$1,481,218
Estimated Decrease	-592,487
FY 2021 Available STA Funds	\$888,731

FY2021 STA Request for Allocation	\$1,890,780
Reserves at June 30, 2021	\$344,984

TOTAL TDA and STA RESERVES \$18,896,284

Restricted Reserves

FY 2022 and 2023 Bus Purchase Local Match	\$7,000,000
Atlantis Facility Local Match	\$6,000,000
Total Restricted Reserves	\$13,000,000

Total Unrestricted reserves **\$5,896,284**

This amount is in line with the Board Policy to maintain 3-6 months of operating revenues in reserves.

RESOLUTION NO. 16-2020

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE LIVERMORE
AMADOR VALLEY TRANSIT AUTHORITY ADOPTING A REVISED
CAPITAL BUDGET FOR FISCAL YEAR 2021**

WHEREAS the Board of Directors of the Livermore Amador Valley Transit Authority at their meeting of May 4, 2020 reviewed and approved the Operating and Capital Budget for Fiscal Year 2021 for this Authority; and

WHEREAS LAVTA Staff has identified additional Capital Projects that would benefit the Agency and our riders resulting in a need to amend the Fiscal Year 2021 Capital budget; and

WHEREAS the Board of Directors of the Livermore Amador Valley Transit Authority at their meeting of June 1, 2020 reviewed and approved and amended Capital Budget for Fiscal Year 2021 for this Authority,

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors that the amended Operating and Capital Budget for the Livermore Amador Valley Transit Authority for Fiscal Year 2021, 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 1st day of June 2020.

David Haubert, Chair

ATTEST:

Michael Tree, Executive Director