



DATE: MARCH 1, 2018

MEMO TO: HERITAGE VALLEY POLICY ADVISORY COMMITTEE (HVPAC)

FROM: AARON BONFILIO, PROGRAM MANAGER – TRANSIT SERVICES

SUBJECT: DRAFT FISCAL YEAR 2018/2019 VALLEY EXPRESS BUDGET

RECOMMENDATION

- Consider the Heritage Valley Technical Advisory Committee (HVTAC) recommendation to approve of the Draft Fiscal Year 2018/2019 Valley Express Budget.

BACKGROUND & DISCUSSION

At the February 16, 2018 HVTAC meeting, the Technical Committee reviewed the Draft Fiscal Year 2018/2019 Valley Express Budget. Pursuant to the Cooperative Agreement between the Cities of Santa Paula and Fillmore, the County of Ventura and the Ventura County Transportation Commission, the Heritage Valley Policy Advisory Committee (HVPAC) is to approve the annual budget and recommend it to VCTC for incorporation into its agency-wide budget. The Technical Committee makes recommendations regarding—among other things—the budget, levels of service and policy recommendations.

The Technical Committee recommends the attached draft Fiscal Year 2018/2019 budget. The recommended 2018/2019 level of service by mode has been identified by the Technical Committee as it reviewed historic trends year-to-date since the schedule change. The Dial-a-ride mode was greatly expanded August 2018. With that change, came the eligibility for all residents in member-agency communities using a general public dial-a-ride. In addition to the Dial-a-ride mode, fixed routes will continue to operate in Santa Paula, Fillmore and between Fillmore and Piru. These routes were identified for continuation during the Fall 2017 schedule change, and are planned to operate throughout Fiscal Year 2018/2019.

As the Policy Committee is aware, the City of Santa Paula recently passed a local sales tax measure, known as “Measure T”. It is anticipated that they will contribute a portion of their local contribution from Measure T revenues. This provides the VCTC the ability to allocate those revenues as “route guarantee,” which decreases the necessary passenger fare revenues which would otherwise be required to be budgeted at 10% of operating costs. This practice is common among transit agencies and a welcome change which provides Valley Express stability with levels of service and current fare pricing. This change, however, does reflect a decrease in the *budgeted* passenger fare revenues as the Measure T contribution from the City of Santa Paula is equal to the anticipated shortfall of future fare revenues.

For the next fiscal year, the budgeted passenger fare revenues have been decreased to reflect the actual or anticipated passenger fare revenues that will be collected during the year. This change means that other agencies, (including Santa Paula, but also Fillmore and the County), will now provide additional local contribution now that the passenger fare revenues have decreased. As mentioned above, in previous years the budgeted fare revenue line-item was set at 10% of operating costs in compliance with TDA regulation. Although each year fare revenues fell short, the amount budgeted was still equal to 10%¹. This coming year, as with prior years, it is anticipated that fare revenues will be equal to approximately 5% of operating costs. This is reflected in the following table:

Farebox Revenues	Budgeted 2017/2018	Estimated 2017/2018	Projected 2018/2019
Year-end	\$183,000	\$87,360	88,000

FISCAL YEAR 2018/2019 BUDGET

The year-over-year cost increases reflected in the budget are driven primarily by three factors: substantial decreases to the budgeted farebox revenues line-item as mentioned above; scheduled increases to contractor rates; and modest increases to overhead expenditures, including planned updates to Dial-a-ride reservation software and hardware and an increased investment in marketing and outreach. Annually the Valley Express system has had to focus its limited marketing and outreach budget on managing schedule changes and collateral updates as well as publicly held meetings regarding service change/elimination and potential fare increases. While it is anticipated that reprints of materials will occur on or just prior to the beginning of the school year, these modifications are limited in scope, and the primary investment during the coming year will be with respect to community outreach and engagement, service promotion and generally raising awareness of system offerings.

As an attachment to the annual budget is the cost-model calculation prepared by staff and reviewed at the Technical Committee.

Attachments:

Attachment "A" -- Draft Fiscal Year 2018/2019 Budget &

Attachment "B" -- Fiscal Year 2018/2019 Budget Cost-Model (Local Cost-share Calculation)

Attachment "C" -- Five Years of Local Contributions -- Valley Express/VISTA DAR

¹ Following the first three years of service, transit agencies which use TDA funding are required to make the mandated farebox recovery ratio (e.g. 10% of operating costs); which if not achieved claimants are penalized. This year marks the end of that end of that time-period.

Attachment "A"

DRAFT FISCAL YEAR 2018/2019 VALLEY EXPRESS BUDGET

Funding Source	Fiscal Year 2017/2018	DRAFT BUDGET 2018/2019	Year-over-year Increase (Decrease)
FTA 5307	\$539,923	\$624,254	\$84,331
Prop1B PTMISEA	\$220,000	\$0	(\$220,000)
Local Contribution – TDA Funds	1,083,667	1,111,146	\$27,479
Local Contribution – Route Guarantee	100,000	120,000	\$20,000
Local Fee – Farebox	183,910	88,000	(\$95,910)
Total Funding	\$2,127,500	\$1,943,400	(\$184,100)

EXPENDITURES	Fiscal Year 2017/2018	DRAFT BUDGET 2018/2019	Year-over-year Increase (Decrease)
Salaries	\$42,100	\$43,200	\$1,100
Fringe and Tax	19,100	20,000	\$900
Indirect Cost Allocation	38,800	36,800	(\$2,000)
Communications	13,200	15,500	\$2,300
Mileage	2,000	2,000	\$0
Postage	100	100	\$0
Printing	5,000	6,800	\$1,800
Supplies	200	0	(\$200)
Office Support	0	200	\$200
Bank Fees	1,100	800	(\$300)
Legal Services	9,000	10,000	\$1,000
Professional Services	63,000	75,000	\$12,000
Outreach and Marketing	79,000	90,000	\$11,000
Bus Purchase/ Farebox Equipment	224,400	4,000	(\$220,400)
Contract Services (25,000 hours)	1,630,500	1,639,000	\$8,500
Total Expenditures	\$2,127,500	\$1,943,400	(\$184,100)

Projected Cost Share ("Local Contribution")	FINAL BUDGET 2017/2018	DRAFT BUDGET 2018/2019	Year-over-year Increase (Decrease)
City of Fillmore	\$301,958	\$392,821	\$90,863
City of Santa Paula	\$687,177	\$550,427	(\$136,750)
County of Ventura	\$194,532	\$287,898	\$93,366
	\$1,183,667	\$1,231,146	\$47,479

Fiscal Year 2016/2017 Carryover TDA Balance:

Local Contribution – TDA	FY 2018/2019 TDA Due	FY2016/2017 Balance	Net Due: ALTERNATIVE
City of Fillmore	\$392,821	\$55,237	\$337,584
City of Santa Paula*	\$430,427	\$107,996	\$322,431*
County of Ventura	\$287,898	\$45,604	\$242,294

*Santa Paula contribution to include an additional \$120,000 in Non-TDA revenues.

Attachment "B"

FISCAL YEAR 2018/2019 BUDGET COST-MODEL (i.e. Local Cost-share Calculation)

Cost of Service 2018/2019 (25,000 hours)		
Overhead: Staff	\$100,000.00	
Overhead: Other	204,400.00	
Contractor (25,000 hours)	1,639,000.00	
Total Costs	\$1,943,400.00	
External Revenues		
FTA	\$624,254.00	
Projected Farebox	88,000.00	
Total External Revenues	\$712,254.00	
(1) Total Net Due (Less External Revenues)	\$1,231,146.00	
(2) Member Agency Share Overhead		<i>% Share Overhead</i>
Fillmore	\$101,466.67	33%
Santa Paula	101,466.67	33%
County	101,466.67	33%
Subtotal Overhead Costs	\$304,400.00	
(3) Member agency share of Contractor Costs		<i>% Share of total hours</i>
Fillmore	\$291,354.11	31.44%
Santa Paula	448,960.25	48.44%
County	186,431.64	20.12%
Subtotal Contract Costs	\$926,746.00	
Total Costs: Member Agency		
Fillmore	\$392,820.77	
Santa Paula	550,426.92	
County	287,898.31	
Total Costs: Member Agency	\$1,231,146.00	

NOTES:

(1) Total Due equal to expenditures less external revenues (FTA, farebox, grants)

(2) Overhead is equal to all expenditures less any grant-funded projects and Contract Services; % share split equally

(3) Net Contractor cost equal to total contract services cost less FTA and farebox; % share of Contract costs equal to % share of hours per Alternative LOS.

ATTACHMENT "C"

