



Item #3

March 25, 2020

MEMO TO: VENTURA COUNTY TRANSPORTATION COMMISSION

**FROM: DARREN KETTLE, EXECUTIVE DIRECTOR
SALLY DEGEORGE, FINANCE DIRECTOR**

SUBJECT: FISCAL YEAR 2020/2021 DRAFT BUDGET – PUBLIC HEARING

RECOMMENDATION:

- Receive the Fiscal Year 2020/2021 Draft Budget and approve forwarding the Draft Budget to the Commission.

DISCUSSION:

The Draft Fiscal Year 2020/2021 Budget is divided into two main sections: the Main Budget and the Program Task Budgets. The Main Budget contains the program overviews and projections and is intended to provide a general understanding of VCTC's budgeted activities and programs for the coming fiscal year. The Program Task Budgets contain task level detail of the projects including objectives and accomplishments. This task driven budget is designed to provide fiscal transparency and clarity of VCTC's programs and services to the region.

The Draft Budget is in many ways a "continuation" budget for the majority of VCTC programs and projects. At \$82,536,515, the Fiscal Year 2020/2021 Draft Budget is \$10,655,585 or 11.4% lower than Fiscal Year 2019/2020. The Draft budget is a balanced budget with an estimated spendable ending fund balance of \$16,875,131. The draft budget contains six programs:

- Transit and Transportation program at \$20,798,500
- Highway program at \$5,954,500
- Rail program at \$15,364,474
- Commuter Assistance program at \$650,300
- Planning and Programming program at \$38,361,741
- General Government program at \$1,407,000

Personnel costs for Fiscal Year 2020/2021 are budgeted at \$3,848,900 or 4.7% of the budget, which is an increase of \$614,200 from the previous fiscal year. The increase is largely due to an increase in wages, associated two new positions and taxes and employee insurances of all positions. The wage cost of \$2,480,700 includes approximately a \$70,500 pool for merit increases for employees not at the top of their range and \$68,900 as a salary/benefit placeholder while the budget is being developed. Benefits account for 1.7% of the Draft Budget. Further information about personnel can be found within the Personnel Section of the budget.

Below are some of the major changes in the Draft Fiscal Year 2020/2021 budget as compared to last fiscal year. Additional details of these major changes, as well as smaller changes to all budgets, can be found within the individual budget tasks. The major changes that occurred from last fiscal year include:

- The Regional Transit Technology budget decreased by \$2,141,017 in anticipation that the CAD/AVL equipment project will be completed in Fiscal Year 2019/2020.
- The Senior and Disabled Transportation Services budget increased by \$154,100 for increased consultant costs.
- The Transit Grant Administration budget decreased by \$1,533,100 as pass-through projects were completed. It is expected to increase with the final budget when new pass-through funds to local agencies are included.
- The Valley Express budget increased by \$69,200 for increased contract costs to operate the buses.
- The VCTC Intercity Service budget decreased by \$4,235,934 due to the completion of the bus purchase in Fiscal Year 2019/2020 offset by increased depreciation expense as VCTC now owns the whole fleet.
- The Motorist Aid Services budget has been combined with the SpeedInfo budget and decreased by \$230,020 due to the one-time Incident Responder Grant in the previous year offset by 9 months of the new FSP program.
- The Highway Project Management budget decreased by \$5,436,583 for the partial completion of consultant work on the U.S. 101 preliminary engineering and environmental documents.
- The Metrolink Commuter Rail budget increased by \$1,522,900 largely due to carry-over of the capital rehabilitation projects.
- The Regional Transit Planning budget decreased by \$117,144 largely due to the completion of consultant studies and completion of outreach.
- The Regional Transportation Planning budget has been combined with the Freight Movement budget and has increased by \$453,300 for consultant assistance to prepare a Congestion Management Plan and Comprehensive Transportation Plan.
- The Transportation Development Act budget increased \$1,060,813 for additional pass-through funding to local agencies including Article 3, Bicycle and Pedestrian funds.
- The Transportation Programming and Reporting budget increased by \$105,000 large due to increased staffing costs including the new program analyst position.
- The Management and Administration budget decreased by \$400,900 in anticipation of expenditures associated with the office relocation and furniture and equipment for the new office occurring in the prior year.

The estimated ending Fiscal Year 2020/2021 fund balance (after contingency set aside) is expected to be \$16.8 million. The Commission's available General Fund balance is estimated at \$58,968. The other funds are restricted and the estimated fund balance are \$79,332 for the Local Transportation Fund, \$13.6 million for the State Transit Assistance fund, \$2.97 million for the Service Authority for Freeway Emergencies fund, \$101,697 for the State of Good Repair Fund, \$25,362 for the Santa Paula Branch Line fund, and a zero balance for the VCTC Intercity Services and Valley Express funds.

It is important to note a few reasons the STA fund balance is at \$13.6 million. First, the STA fund balance is used for on-going cash flow needs when State and Federal grants are delayed as well as cashflow for the Highway 101 study. Also, these funds although not currently budgeted, could be used for nonrecurring capital costs associated with Metrolink capital and rehabilitation expenditures, possible bus purchases for the VCTC Intercity Service or other transit projects benefiting the County.

The Draft Budget is a "work-in-progress" for VCTC as tasks are fine-tuned. Staff will update the final budget with input received from the Commission and new information as it becomes available from local partners such as Metrolink and funding information from the State and Federal governments.

As required by the VCTC Administrative Code, the proposed Draft Fiscal Year 2020/2021 budget is being submitted to the Finance Committee (Chair Bill de la Pena, Vice-Chair Huber, and Past-Chair Minjares) for review. At the March 25, 2020 Finance Committee meeting, the Draft Budget will be discussed and a recommendation from the Finance Committee will be needed.

As required by the Administrative Code, a public hearing will be held at the April meeting. The final budget is scheduled for adoption at the Commission's June 2020 meeting, at which time a second public hearing will be held pursuant to the VCTC Administrative Code.