



DATE: APRIL 18, 2022

MEMO TO: HERITAGE VALLEY POLICY ADVISORY COMMITTEE (HVPAC)

FROM: AARON BONFILIO, PROGRAM MANAGER

SUBJECT: DRAFT FISCAL YEAR 2022/2023 VALLEY EXPRESS BUDGET

RECOMMENDATION

- That the Committee recommend for approval by the Ventura County Transportation Commission, the draft Fiscal Year 2022/2023 Valley Express budget.

BACKGROUND

On March 29, 2022, the Heritage Valley Technical Advisory Committee (HVTAC) reviewed the draft Fiscal Year 2022/2023 budget and recommended it be brought before the Heritage Valley Policy Advisory Committee (HVPAC) for consideration. Pursuant to the Cooperative Agreement for the Heritage Valley Transit Service, the HVTAC will make recommendations to the HVPAC regarding, among other things, the annual level of service and budget. Following the HVPAC review, the item will then be incorporated into the overall agency budget of VCTC. The budget process for VCTC includes a draft review by a budget and finance sub-committee, subsequent draft review by the full Commission with final budget adoption by June. This item is to consider recommendation to approve the draft Fiscal Year 2022/2023 budget for adoption by VCTC.

Over the past year the Valley Express bus service was funded with a mix of Federal Transit Administration (FTA) recurring formula funds, carryover FTA CARES Act stimulus revenues, farebox and local funding from the member agencies. Currently, expenditures are under budget by approximately 20%, and trending to be approximately 15-18% under budget at year-end.

The draft budget was developed based on the following factors and assumptions:

1. Continued modest increase in dial-a-ride demand as pandemic-era travel behaviors change.
2. Carryover of unexpended Local Transportation Fund (LTF) and Federal Transit Administration (FTA) revenues.
3. Potential contract provider rate increase with new contract term.
4. No increase to VCTC staffing costs.
5. Continued extension of the waiver for farebox recovery ratio penalties in FY2022/2023.
6. For the Valley Express bus service to complete the State mandated Zero Emission's Fleet Transition Plan.
7. Modest increases to contractor rates due to continued labor shortage and recruitment challenges by transit agencies.
8. Potential for budget-neutral modification of certain fixed route services to meet current demand, without any increase to total hours.

In sum, the net year-over-year change in draft budget expenditures reflects an increase of 11.25%. This is driven primarily by an anticipated increase in contract services expense of 13%, as other budget

expenditures are either flat or down. As mentioned elsewhere in this agenda, the current operator contract with MV Transportation expires March 2023, and VCTC anticipates releasing a request for proposals (RFP) for a new operations contract. While proposals from service providers may come in lower, this year's estimated expense is based on the most recent market factors and rates – including the current driver shortage – with some room for contingency.

DISCUSSION

As noted, level of service is the primary driver for expenditures. During the current year, operations costs are trending under budget. This is primarily due to the actual utilization of the “on-demand”, general public Dial-a-Ride. During the current year we budgeted for an increase in demand, however, the growth has been more gradual than anticipated. For the upcoming year, the slower growth trend is expected to continue.

Staff recommends that the draft budget continue to be funded for the traditional level of service (24,300 hours). However, while certain fixed route services such as the Piru route and the school tripper routes have continued to maintain steady ridership (especially as COVID restrictions sunset), other fixed routes, such as the Santa Paula A and B, and the Fillmore Loop, have not regained riders as quickly.

Considering current trends, the draft budget was prepared to be flexible to address potential changes in demand or reallocation of resources. For example, if agreed to by the member-agencies, such budget neutral changes could include:

- a) potentially to allow for more dial-a-ride (by reducing certain fixed routes and reallocating existing drivers), and,
- b) to implement requested services such as between *Fillmore and Moorpark* using existing resources

The proposed level of service for the upcoming year is noted below broken down by member-agency.

RECOMMENDED LEVEL OF SERVICE

	<i>FY 2022/2023</i>	<i>FY 2021/2022</i>
<u>Fixed Route</u>	<u>Projected Hours</u>	<u>Current (Budgeted)</u>
Fillmore	1,890	1,890
Santa Paula	1,810	1,810
County	3,200	3,200
Subtotal Fixed Route	6,900	6,900
<u>Dial-a-Ride</u>	<u>Projected Hours</u>	<u>Current (Budgeted)</u>
Fillmore	5,800	5,800
Santa Paula	9,800	9,800
County	1,800	1,800
Subtotal Dial-a-Ride	17,400	17,400
Total All Services	24,300	24,300

Anticipated Revenues

The Valley Express has historically utilized revenues from the Federal Transit Administration (FTA) funding, Passenger Fares, and the City of Santa Paula's sales tax Measure "T". These funds are in addition to the State Local Transportation Fund (LTF) revenues that each member-agency receives and budgets for transit programs. Due to the addition of FTA CARES Act revenues the Valley Express deferred use of FTA and LTF. The draft FY2022/2023 budgeted FTA formula revenues are approximately double typical annual allocations due the deferred use of prior year funding. Similarly, there is an approximate \$99,000 available in carryover LTF revenues for use with this year's budget. Farebox revenues are projected based on current ridership levels.

As the Policy Advisory Committee is aware, the City of Santa Paula passed a local sales tax measure in 2016, known as "Measure T". In the past, the City has funded a portion of its local contribution from Measure T revenues, which are used as "Route Guarantee" to meet State TDA Farebox requirements. Due to the continued waiver of the State's farebox recovery ratio penalties, it is assumed that the City's contribution will not necessarily include these revenues and the attached draft budget does not include them. (Note: prior drafts of VCTC's budget, such as presented to the Finance and Administration Committee included mention of potential "Route Guarantee" revenues and was prepared prior to the State's ruling for the upcoming fiscal year. The final VCTC budget will be updated to match with the HVPAC recommendation.)

RECOMMENDATION

As noted, the HVTAC previously met to review the Fiscal Year 2022/2023 Valley Express budget and approved it for recommendation to this Committee. The recommendation before the HVPAC is that the Committee recommend the draft Fiscal Year 2022/2023 Valley Express Budget for approval by the Ventura County Transportation Commission.

The draft Fiscal Year 2022/2023 Valley Express Budget is attached to this item as "Attachment A". A breakdown of each member agency's local contribution is attached to this item as "Attachment B: Valley Express Budget Model (FY2022/2023)."

If approved at this stage, the next step is for the final Valley Express budget to be incorporated into the VCTC Budget package presented to the Commission at its June 2022 meeting.