

The County Connection

Inter Office Memo

To: Administration and Finance Committee
From: Anne Muzzini, Director of Planning and Marketing

Date: March 31, 2011

Reviewed By: *AM*

SUBJECT: ITS Budget

SUMMARY OF ISSUES:

In February the Board took action to approve the purchase of an Intelligent Transit System (ITS) for an amount not to exceed \$900,000. The system is a capital project and includes three components; an upgraded radio/radio controller system, a CAD/AVL system for dispatch, and a real time passenger information system.

The ITS project has been included in the FY 2011-12 draft capital budget and the funds to pay for the project will come Prop. 1B and FTA 5307 grants originally for the DVC project and the 40bus replacement project. Both of these projects have come in under the original grant amounts.

The ongoing operating cost related to the ITS project will include cell service to 120 buses and eventually a software maintenance fee. The annual cell cost is estimated to be \$47,000. The annual maintenance fee, \$51,000, will not begin until two years after final acceptance of the installation which is estimated to be March of 2014.

To offset the additional \$47,000 in cellular service cost, the marketing and planning department can save \$25,000 a year in schedule printing if schedule changes are kept to three a year. This is the cost savings that has actually occurred as a result of limiting schedule changes in the summer, fall, and winter bids, and making no changes at the spring bid. The budget for schedules is \$75,000.

Use of the passenger information system combined with riders use of the web based trip planner will reduce the need for printed schedules and cost savings will result.

In addition to savings from printing fewer schedules another offset to ITS operating costs would be the \$140,000 marketing budget cut renewal. The financial forecast assumes that these funds will be returned in FY 2012-13 and beyond. These funds could be used instead to pay for the ITS. Real time bus information will be a marketing tool that benefits passengers and customer service so it is a logical use of the funds.

FINANCIAL IMPACT:

There are operating costs associated with the purchase of the ITS system equal to \$47,000 for cell service and after March of 2014 \$51,000 for maintenance fees. These costs can be offset in part from schedule printing savings and after 2012 from funds that are intended to be returned to the marketing budget.

RECOMMENDATION:

Include the capital cost and operations cost associated with the ITS project in the FY 2011-12 draft budget and forecast.

OPTIONS:

- 1) Accept staff recommendation
- 2) Other action determined by Committee

ATTACHMENTS:

Information on capital funding sources for the ITS and Van projects

Capital Project Funding

<u>Grant</u>	<u>Purpose</u>	<u>Remaining</u>	<u>Use for Vans</u>	<u>Use for ITS</u>	<u>Remaining</u>
Federal Y723	40 Bus	\$617,900		\$320,671	\$297,229
Federal Y623	Vans	\$3,340,622	\$3,340,622		\$0
Prop 1B	40 Bus	\$39,800			
Prop 1B	DVC	\$840,000	\$263,007	\$576,994	\$0
	Anything in Y723 or				
Bridge Toll - 08-09	Y623	\$153,000	\$153,000		
	Anything in Y723 or				
Bridge Toll - 09/10	Y623	\$281,985	\$281,985		\$0
TDA	Match	\$137,164	\$137,164		\$0
		\$5,410,471	\$4,175,778	\$897,665	\$297,229