

The County Connection

October 26, 2011

TO: ADMINISTRATION AND FINANCE COMMITTEE

FROM: KATHY CASENAVE, DIRECTOR OF FINANCE

REVIEWED: *AKS*

SUBJECT: REVISED 5 YEAR FORECAST-TWO SCENARIOS

The attached REVISED forecasts are submitted for your review. Because of the unpredictability of the revenues, staff is presenting a 5 year revised forecast rather than a 10 year revised forecast.

Both forecasts incorporate the following:

- Actual FY 2011 Revenue and Expenses.

Actual FY 2011 TDA revenue was \$447,000 more than projected and other revenues were about \$185,000 more than projected in the June forecast.

The expenses are \$1.2 million less than projected. The largest variances are workers compensation expense, which was \$568,000 under budget and Paratransit purchased transportation, which was \$416,000 under budget.

The TDA reserve increased by \$1.8 million at the start of FY 2012 because of the above two items.

- FY 2012 Changes.

STA and TDA 4.5 revenue estimates for FY 2012 have been increased by \$74,000 by MTC.

Preventive maintenance revenue available for FY 2012 increased by \$155,000.

The \$550,000 contingency fund for FY 2012 has been removed; it is staff's opinion that it will not be used. Without it, the FY 2012 budget is still \$2.7 million (9.7%) more than FY 2011 actual, ***so it is very possible that the expenses for the FY 2012 are overstated, as well as the out years.***

FTA operating revenue for Paratransit for FY 2012 has been reduced by \$90,000 by MTC. Using the new number as a base, the reduction in revenue for the 2012-2016 years totals \$468,000. The growth rate for this revenue source is 2.5% per year.

The closeout of an old federal grant allowed for additional preventive maintenance and a freeing up of TDA operating revenue in the amount of \$920,000. This TDA revenue will be used to match FY 2012 capital projects.

- The OPEB trust annual contribution has been increased by \$100,000 for each year. A new actuarial study is being prepared but is not complete.
- PERS employer rate has been decreased based on new actuarial report. A detailed discussion is provided in a separate memo.

- Fare increases have been delayed for one year; they are now slated for FYs 2014 and 2017. If this occurs, the loss of revenue for FY 2013 and FY 2016 is estimated to be \$444,000 and \$526,000 respectively.
- No additional service reductions.

The following is a discussion of the differences in the two revised forecasts:

SCENARIO 1-

The Contra Costa Transportation Authority revised its Measure J Strategic Plan in July 2011. The projections for sales tax growth for the next five years were reduced- 2.01% in FY 2012, 3.02% for FY 2013-FY 2015, and 4.03% in FY 2016. These growth rates are used for TDA revenue and Measure J revenue in the Scenario 1 forecast.

Modest increases in wages occur in the out years, but no change from the June forecast.

The TDA reserve goes negative at the end of FY 2016 by \$376,000.

SCENARIO 2-

No revenue growth in TDA, STA and Measure J.

No wages increases.

The TDA reserve goes negative at the end of FY 2015 by \$2.2 million and \$6.4 million by FY 2016.

ACTION REQUESTED:

Staff requests that the revised forecasts and staff memo be included in the Board of Directors packet and that the Committee make a recommendation to the Board regarding the fare increase scheduled for the Summer of 2012.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FIVE YEAR FORECAST - FLAT TDA, STA, MEASURE J; NO SALARY INCREASES**

In \$Thousands

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue Hours | 216,000 | 216,000 | 216,000 | 216,000 | 216,000 | 216,000 |
| 1 Passenger Fares | 3,346 | 3,367 | 3,434 | 3,915 | 3,993 | 4,073 |
| 2 Special Fares | 825 | 791 | 811 | 831 | 852 | 873 |
| 3 Advertising | 504 | 530 | 550 | 570 | 584 | 599 |
| 4 Investment & Other | 146 | 149 | 153 | 153 | | |
| 5 FTA Preventive Maintenance | 2,460 | 4,441 | 382 | 390 | 397 | 405 |
| 6 Federal Stimulus- Preventive Maintenance | 811 | - | | | | |
| 7 MTC Preventive Maintenance Reserve | | 828 | | | | |
| 8 MTC STA Augmentation fund | 770 | - | | | | |
| 9 STA Population | 2,218 | 2,340 | 2,340 | 2,340 | 2,340 | 2,340 |
| 10 TDA 4.0 | 8,164 | 9,073 | 14,136 | 13,692 | 14,492 | 14,724 |
| 11 Measure J | 3,245 | 3,385 | 3,385 | 3,385 | 3,385 | 3,385 |
| 12 BART Express Funds | 616 | 556 | 556 | 556 | 556 | 556 |
| 13 Dougherty Valley dev fees/other | 183 | 225 | 325 | 506 | 25 | 25 |
| 14 Other Local Grants | 26 | 20 | 20 | 20 | 20 | 20 |
| 15 RM2/Meas J- Express | 559 | 145 | 145 | 145 | 145 | 145 |
| 16 Lifeline/JARC-CC County | 381 | 650 | 486 | 486 | 486 | 486 |
| 17 Total Fixed Route Operating Revenue | 24,255 | 26,500 | 26,724 | 26,989 | 27,276 | 27,632 |
| 18 Operating Expenses w/o contingency | 24,139 | 26,500 | 26,724 | 26,989 | 27,276 | 27,632 |
| % increase in expenses | -0.1% | 9.8% | 0.8% | 1.0% | 1.1% | 1.3% |
| 19 Operating expense contingency | | 0 | | | | |
| 20 Total Fixed Route Operating Expenses | 24,139 | 26,500 | 26,724 | 26,989 | 27,276 | 27,632 |
| Revenue Hours | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 |
| 21 Passenger Fares | 546 | 574 | 591 | 650 | 670 | 690 |
| 22 Advertising revenue | 1 | | | | | |
| 23 FTA Section 5307 | 733 | 673 | 690 | 707 | 724 | 743 |
| 24 TDA 4.5 | 464 | 677 | 677 | 677 | 677 | 677 |
| 25 TDA 4.0 | 1,367 | 1,604 | 1,951 | 2,045 | 2,183 | 2,325 |
| 26 Measure J | 922 | 959 | 959 | 959 | 959 | 959 |
| 27 STA Paratransit & Rev based | 955 | 938 | 938 | 938 | 938 | 938 |
| 28 Bart ADA service | 189 | 170 | 175 | 180 | 186 | 191 |
| 29 Total Paratransit Operating Revenue | 5,177 | 5,594 | 5,981 | 6,156 | 6,337 | 6,523 |
| 30 Total Paratransit Operating Expenses | 5,177 | 5,594 | 5,981 | 6,156 | 6,337 | 6,523 |
| % increase in expenses | 0.5% | 8.1% | 6.9% | 2.9% | 2.9% | 2.9% |
| 31 Total CCCTA Operating Budget | \$ 29,315 | \$ 32,094 | \$ 32,705 | \$ 33,145 | \$ 33,613 | \$ 34,155 |

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FIVE YEAR FORECAST - FLAT TDA, STA, MEASURE J; NO SALARY INCREASES**

In \$Thousands

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|--------------------------------------|--------|-----------|-----------|-----------|----------|----------|
| 32 Capital Revenue | | | | | | |
| 33 Federal | \$ - | \$ 6,173 | \$ 4,585 | \$ 37,504 | \$ 305 | \$ 3,139 |
| 34 Prop 1B STA rev based | - | 1,212 | - | 1,619 | - | - |
| 35 Prop 1B STA pop based | - | 2,723 | 799 | 1,331 | - | - |
| 36 Lifeline- 1B pop based bonds | - | - | - | 900 | - | - |
| 37 State Transportation- 1B security | 117 | 117 | 117 | 117 | 117 | 117 |
| 38 Bridge Toll revenues | - | 300 | 344 | 2,790 | 23 | 245 |
| 39 Prior yr leftover funding | - | 898 | 1,982 | - | - | - |
| 40 TDA 4.0 | 187 | 920 | - | - | - | - |
| 41 To be Determined | - | - | 2,780 | 3,097 | 1,409 | 1,785 |
| 42 Total Capital Revenue | 304 | 12,342 | 10,607 | 47,358 | 1,854 | 5,285 |
| 43 Capital | \$ 304 | \$ 12,342 | \$ 10,607 | \$ 47,358 | \$ 1,854 | \$ 5,285 |

This forecast includes:

***Removal of FY 2011 fixed route bus purchase and convert the \$5,468,748 fed to preventive maint for 2011 and 20
Unfunded capital projects from FY 2013-2021
\$920k TDA for FY 2012 capital projects is a swap with preventive maintenance fed operating grant***

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
REVISED TDA RESERVE- FLAT TDA, STA, MEASURE J; NO SALARY INCREASES

| TDA RESERVE | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|---|------------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| 44 Beginning Balance | \$ 3,267 | \$ 6,615 | \$ 7,845 | \$ 4,584 | \$ 1,673 | \$ (2,174) |
| 45 Estimated TDA 4.0 Allocation | \$ 12,618 | \$ 12,827 | \$ 12,827 | \$ 12,827 | \$ 12,827 | \$ 12,827 |
| FY 11 adj to actual | \$ 447 | | | | | |
| | \$ 13,065 | | | | | |
| | 7.3% | -1.8% | 0.0% | 0.0% | 0.0% | 0.0% |
| TDA 4.0 Needed for Operations and Capital: | | | | | | |
| 46 Used for Fixed route operations | (8,164) | (9,073) | (14,136) | (13,692) | (14,492) | (14,724) |
| 47 Used for Paratransit operations | (1,367) | (1,604) | (1,951) | (2,045) | (2,183) | (2,325) |
| 48 TDA used for Operations | (9,531) | (10,677) | (16,088) | (15,737) | (16,675) | (17,050) |
| 49 Used for capital program | (187) | (920) | - | - | - | - |
| 50 Ending TDA Reserve -Revised | \$ 6,615 | \$ 7,845 | \$ 4,584 | \$ 1,673 | \$ (2,174) | \$ (6,396) |
| 51 Ending TDA Reserve in June budget | \$ 4,810 | \$ 5,481 | \$ 3,588 | \$ 2,119 | \$ 473 | \$ (329) |

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FIVE YEAR FORECAST**

In \$Thousands

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue Hours | 216,000 | 216,000 | 216,000 | 216,000 | 216,000 | 216,000 |
| 1 Passenger Fares | 3,346 | 3,367 | 3,434 | 3,915 | 3,993 | 4,073 |
| 2 Special Fares | 825 | 791 | 811 | 831 | 852 | 873 |
| 3 Advertising | 504 | 530 | 550 | 570 | 584 | 599 |
| 4 Investment & Other | 146 | 149 | 153 | 153 | 153 | 153 |
| 5 FTA Preventive Maintenance | 2,460 | 4,441 | 382 | 390 | 397 | 405 |
| 6 Federal Stimulus- Preventive Maintenance | 811 | - | - | - | - | - |
| 7 MTC Preventive Maintenance Reserve | - | 828 | - | - | - | - |
| 8 MTC STA Augmentation fund | 770 | - | - | - | - | - |
| 9 STA Population | 2,218 | 2,340 | 2,366 | 2,425 | 2,486 | 2,548 |
| 10 TDA 4.0 | 8,164 | 8,973 | 14,214 | 13,964 | 14,883 | 15,367 |
| 11 Measure J | 3,245 | 3,385 | 3,487 | 3,592 | 3,701 | 3,850 |
| 12 BART Express Funds | 616 | 556 | 573 | 590 | 608 | 626 |
| 13 Dougherty Valley dev fees/other | 183 | 225 | 325 | 506 | 25 | 25 |
| 14 Other Local Grants | 26 | 20 | 20 | 20 | 20 | 20 |
| 15 RM2/Meas J- Express | 559 | 145 | 145 | 145 | 145 | 145 |
| 16 Lifeline-CC County | 381 | 650 | 486 | 500 | 515 | 531 |
| 17 Total Fixed Route Operating Revenue | 24,255 | 26,400 | 26,946 | 27,601 | 28,363 | 29,216 |
| 18 Operating Expenses w/o contingency | 24,139 | 26,500 | 26,946 | 27,601 | 28,363 | 29,216 |
| % increase in expenses | -0.1% | 9.8% | 1.7% | 2.4% | 2.8% | 3.0% |
| 19 Operating expense contingency | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 20 Total Fixed Route Operating Expenses | 24,139 | 26,500 | 26,946 | 27,601 | 28,363 | 29,216 |
| Revenue Hours | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 |
| 21 Passenger Fares | 546 | 574 | 591 | 650 | 670 | 690 |
| 22 Advertising revenue | 1 | - | - | - | - | - |
| 23 FTA Section 5307 | 733 | 673 | 690 | 707 | 724 | 743 |
| 24 TDA 4.5 | 464 | 677 | 697 | 719 | 740 | 770 |
| 25 TDA 4.0 | 1,367 | 1,604 | 1,937 | 1,960 | 2,026 | 2,076 |
| 26 Measure J | 922 | 959 | 988 | 1,018 | 1,049 | 1,091 |
| 27 STA Paratransit & Rev based | 955 | 938 | 906 | 928 | 951 | 975 |
| 28 Bart ADA service | 189 | 170 | 175 | 180 | 186 | 191 |
| 29 Total Paratransit Operating Revenue | 5,177 | 5,594 | 5,984 | 6,163 | 6,347 | 6,536 |
| 30 Total Paratransit Operating Expenses | 5,177 | 5,594 | 5,984 | 6,163 | 6,347 | 6,536 |
| % increase in expenses | 0.5% | 8.1% | 7.0% | 3.0% | 3.0% | 3.0% |
| 31 Total CCCTA Operating Budget | \$ 29,316 | \$ 32,094 | \$ 32,930 | \$ 33,764 | \$ 34,710 | \$ 35,752 |

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FIVE YEAR FORECAST
In \$Thousands

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|--------------------------------------|--------|-----------|-----------|-----------|----------|----------|
| 32 Capital Revenue | | | | | | |
| 33 Federal | \$ - | 6,173 \$ | 4,585 \$ | 37,504 \$ | 305 \$ | 3,139 |
| 34 Prop 1B STA rev based | - | 1,212 | - | 1,619 | - | - |
| 35 Prop 1B STA pop based | - | 2,723 | 799 | 1,331 | - | - |
| 36 Lifeline- 1B pop based bonds | - | - | - | 900 | - | - |
| 37 State Transportation- 1B security | 117 | 117 | 117 | 117 | 117 | 117 |
| 38 Bridge Toll revenues | - | 300 | 344 | 2,790 | 23 | 245 |
| 39 Prior yr leftover funding | - | 898 | 1,982 | - | - | - |
| 40 TDA 4.0 | 187 | 920 | - | - | - | - |
| 41 To be Determined | - | - | 2,780 | 3,097 | 1,409 | 1,785 |
| 42 Total Capital Revenue | 304 | 12,342 | 10,607 | 47,358 | 1,854 | 5,285 |
| 43 Capital | \$ 304 | \$ 12,342 | \$ 10,607 | \$ 47,358 | \$ 1,854 | \$ 5,285 |

This forecast includes:

Removal of FY 2011 fixed route bus purchase and convert the \$5,468,748 fed to preventive maint for 2011 and Unfunded capital projects from FY 2013-2021

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
TDA RESERVE

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| TDA RESERVE | | | | | | |
| 44 Beginning Balance | \$ 3,267 | \$ 6,615 | \$ 8,446 | \$ 6,025 | \$ 4,245 | \$ 1,908 |
| 45 Estimated TDA 4.0 Allocation | \$ 12,618 | \$ 13,328 | \$ 13,730 | \$ 14,145 | \$ 14,572 | \$ 15,159 |
| | \$ 447 | | | | | |
| | \$ 13,065 | | | | | |
| | 7.3% | 2.01% | 3.02% | 3.02% | 3.02% | 4.03% |
| TDA 4.0 Needed for Operations and Capital: | | | | | | |
| 46 Used for Fixed route operations | (8,164) | (8,973) | (14,214) | (13,964) | (14,883) | (15,367) |
| 47 Used for Paratransit operations | (1,367) | (1,604) | (1,937) | (1,960) | (2,026) | (2,076) |
| 48 TDA used for Operations | (9,531) | (10,577) | (16,151) | (15,924) | (16,910) | (17,443) |
| 49 Used for capital program | (187) | (920) | - | - | - | - |
| 50 Ending TDA Reserve | \$ 6,615 | \$ 8,446 | \$ 6,025 | \$ 4,245 | \$ 1,908 | \$ (376) |
| 51 Ending TDA Reserve in June budget | \$ 4,810 | \$ 5,481 | \$ 3,588 | \$ 2,119 | \$ 473 | \$ (329) |