

To: Administration and Finance Committee

Date: 1/7/2020

From: Erick Cheung, CFO

SUBJECT: Budget Update

Background:

There have been several recent updates since the Fiscal Year (FY) 2020 Budget was adopted last June that will impact the current fiscal year and be incorporated into the FY 2021 Budget. Staff wanted to provide this information to the A&F Committee since the amounts are material and provided an updated budget forecast based on items noted below.

Transportation Development Act (TDA) – Metropolitan Transportation Commission (MTC) originally estimated \$18.3 million in FY 2019 TDA sales tax in September 2018. The estimate was revised in February 2019 to \$20.0 million based on improved sales but was adjusted to actuals and came in at \$19.0 million in July 2019. The final amount was better than the original estimate but less than what was used in the FY 2020 Budget Forecast. MTC did not revise the amount for FY 2020 for \$20.9 million in July but this amount is probably overestimated. MTC will release the revised estimate for FY 2020 and FY 2021 in late February 2020.

State Transit Assistance (STA) – The State of California State Controller (Controller) provides estimates for STA revenue in January of each year for budgeting purposes. The Controller notified Transportation Planning Agencies that their original estimate of \$772.5 million in diesel fuel tax was high based on actual receipts, this amount was revised to \$696.5 million. In November, MTC had to reduce the allocations for STA revenue for all entities as the revenue was lowered. The budgeted STA amount was \$5.5 million and was lowered \$0.6 million to a revised \$4.9 million in FY 2020.

Bus Bridge Revenue – BART were doing improvements to their infrastructure system wide which included disruptions in service. County Connection and BART agreed on certain dates for those service interruptions which we would provide Bus Bridges. During the budget process that was still being negotiated and was not included in the budget. This amount includes one-time additional revenue for FY 2020 for \$0.3 million.

Advertising Revenue – The advertising revenue contract expired at the end of calendar 2019. Staff went through a Request for Proposal (RFP) process and the Board approved an agreement with a new contractor for \$0.5 million in the first year of the contract. The previous contractor was proving \$0.6 million in the final year of their contract. The budget assumed that we would be

receiving the same amount as the previous contractor and the estimate will need to be reduced by \$0.1 million.

Midday Free Program for Educational Programs – County Connection implemented a service and fare restructure in March of 2019. The fare restructure was financially difficult for some of the school districts/non-profits for riders with development disabilities and the respective staff. They requested the Midday Free Program be allowed for their programs to provide these riders with important life skills which might be eliminated due the additional costs. The preliminary estimate of revenue loss was approximately \$58 thousand annually.

Paratransit Services Fuel Costs – The FY2020 budget for purchased transportation services used the old budget model, which assumed the expense for fuel was part of the hourly rate as staff was going through the RFP process. As a result, the FY2020 budget did not reflect fuel costs as a separate part of the contract services and a shortfall for the projected purchased transportation expenses. Staff estimated the FY2020 purchased transportation expense to be approximately \$1.0 million higher due to fuel. This item was adjusted for in December but obviously has an impact in the Budget forecast.

Recommendation:

Staff recommends that the A&F Committee accept the report.

Financial Implications:

The impact will be reflected in the proposed FY 2021 Budget and FY 2020 estimates.

Action Requested:

This memo is informational item only.

Attachment:

Adopted and Updated Budget Forecast based on items notes above.

County Connection

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

TDA RESERVE \$ In Thousands

ADOPTED

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
46 Beginning Balance	\$ 11,783	\$ 12,076	\$ 15,089	\$ 17,519	\$ 19,426	\$ 19,852	\$ 18,919	\$ 16,391	\$ 14,346	\$ 11,530	\$ 5,180
47 Estimated TDA 4.0 Allocation	\$ 17,899	\$ 20,061	\$ 20,909	\$ 21,223	\$ 21,541	\$ 21,918	\$ 22,302	\$ 22,748	\$ 23,203	\$ 23,725	\$ 24,259
	3.88%	12.08%	4.23%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.25%	2.25%
TDA 4.0 Needed for Operations and Capital:											
48 Used for Fixed route operations	(16,756)	(15,860)	(17,093)	(17,839)	(19,316)	(20,485)	(21,512)	(22,620)	(23,763)	(24,956)	(26,200)
49 Used for Paratransit operations	(199)	(714)	(697)	(1,140)	(1,399)	(1,538)	(1,681)	(1,829)	(1,976)	(2,135)	(2,298)
50 TDA Used for Operations	(16,955)	(16,574)	(17,790)	(18,979)	(20,715)	(22,023)	(23,193)	(24,449)	(25,739)	(27,091)	(28,498)
51 Used for Capital Program	(651)	(474)	(689)	(337)	(400)	(828)	(1,637)	(344)	(280)	(2,984)	(370)
52 Ending TDA Reserve	\$ 12,076	\$ 15,089	\$ 17,519	\$ 19,426	\$ 19,852	\$ 18,919	\$ 16,391	\$ 14,346	\$ 11,530	\$ 5,180	\$ 571

Number Of Months of Operating Expenses

53 in Reserve	3.9	4.6	5.1	5.5	5.4	4.9	4.1	3.5	2.7	1.2	0.1
54 Percentage of operating budget	32.6%	38.3%	42.1%	45.7%	44.8%	41.2%	34.5%	29.2%	22.7%	9.9%	1.1%

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Reserve Percentage of:											
12%	\$ 4,448	\$ 4,732	\$ 4,990	\$ 5,103	\$ 5,320	\$ 5,512	\$ 5,697	\$ 5,892	\$ 6,094	\$ 6,303	\$ 6,519
Amount Above/(Below) Reserve Level	\$ 7,628	\$ 10,357	\$ 12,529	\$ 14,323	\$ 14,532	\$ 13,407	\$ 10,694	\$ 8,454	\$ 5,436	\$ (1,123)	\$ (5,948)
16%	\$ 5,931	\$ 6,309	\$ 6,653	\$ 6,804	\$ 7,094	\$ 7,350	\$ 7,596	\$ 7,857	\$ 8,125	\$ 8,404	\$ 8,692
Amount Above/(Below) Reserve Level	\$ 6,145	\$ 8,780	\$ 10,866	\$ 12,622	\$ 12,758	\$ 11,569	\$ 8,795	\$ 6,489	\$ 3,405	\$ (3,224)	\$ (8,121)

County Connection
CENTRAL CONTRA COSTA TRANSIT AUTHORITY
TDA RESERVE \$ In Thousands (as of December 2019)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
46 Beginning Balance	\$ 11,783	\$ 12,076	\$ 16,342	\$ 16,670	\$ 16,239	\$ 14,305	\$ 10,998	\$ 6,054	\$ 1,523	\$ (3,851)	\$ (12,835)
47 Estimated TDA 4.0 Allocation	\$ 17,899 3.88%	\$ 19,043 6.39%	\$ 20,109 5.60%	\$ 20,411 1.50%	\$ 20,717 1.50%	\$ 21,080 1.75%	\$ 21,449 1.75%	\$ 21,878 2.00%	\$ 22,315 2.00%	\$ 22,817 2.25%	\$ 23,331 2.25%
TDA 4.0 Needed for Operations and Capital:											
48 Used for Fixed route operations	(16,756)	(13,989)	(17,695)	(18,630)	(20,080)	(21,226)	(22,256)	(23,393)	(24,564)	(25,788)	(27,064)
49 Used for Paratransit operations	(199)	(314)	(1,397)	(1,875)	(2,171)	(2,333)	(2,500)	(2,672)	(2,845)	(3,029)	(3,220)
50 TDA Used for Operations	(16,955)	(14,303)	(19,092)	(20,505)	(22,251)	(23,559)	(24,756)	(26,065)	(27,409)	(28,817)	(30,284)
51 Used for Capital Program	(651)	(474)	(689)	(337)	(400)	(828)	(1,637)	(344)	(280)	(2,984)	(370)
52 Ending TDA Reserve	\$ 12,076	\$ 16,342	\$ 16,670	\$ 16,239	\$ 14,305	\$ 10,998	\$ 6,054	\$ 1,523	\$ (3,851)	\$ (12,835)	\$ (20,158)
53 Number Of Months of Operating Expenses in Reserve	3.9	5.0	4.7	4.5	3.8	2.8	1.5	0.4	(0.9)	(2.9)	(4.4)
54 Percentage of operating budget	32.6%	41.4%	39.4%	37.5%	31.7%	23.5%	12.5%	3.0%	-7.5%	-24.0%	-36.5%
55 Reserve Percentage of:	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
12%	\$ 4,448	\$ 4,732	\$ 5,074	\$ 5,191	\$ 5,413	\$ 5,608	\$ 5,795	\$ 5,994	\$ 6,198	\$ 6,410	\$ 6,630
56 Amount Above/(Below) Reserve Level	\$ 7,628	\$ 11,610	\$ 11,596	\$ 11,048	\$ 8,892	\$ 5,390	\$ 259	\$ (4,471)	\$ (10,049)	\$ (19,245)	\$ (26,788)
57 16%	\$ 5,931	\$ 6,309	\$ 6,765	\$ 6,921	\$ 7,217	\$ 7,477	\$ 7,727	\$ 7,992	\$ 8,264	\$ 8,547	\$ 8,840
58 Amount Above/(Below) Reserve Level	\$ 6,145	\$ 10,033	\$ 9,905	\$ 9,318	\$ 7,088	\$ 3,521	\$ (1,673)	\$ (6,469)	\$ (12,115)	\$ (21,382)	\$ (28,998)