

DATE: July 28, 2008

SUBJECT: Proposed Fiscal Year 2008/2009 Budget

ISSUING DEPARTMENT: Office of the Executive Director

### **SUMMARY**

Issue:

Should the Board of Directors Approve the Fiscal Year 2008/2009 Budget following the public hearing process?

Recommendation:

That the Board of Directors Approve the Fiscal Year 2008/2009 Budget as presented or modified through the public hearing process.

Fiscal Impact:

Staff is recommending a budget of \$30,168,100 representing an increase of \$1,717,150 over the Adjusted Fiscal Year 2007-2008 Budget. This increase is attributed to the total anticipated capital expenditures of \$12,807,000.

### **BACKGROUND**

The Budget has been developed based on anticipated costs for the coming fiscal year, built within revenue estimates through June 1, 2008.

Staff has developed the Fiscal Year 2008-2009 Budget within the parameters agreed to with the member jurisdictions. This Budget represents a significant service improvement while also allowing significant investment in capital items which will position us for increased service and productivity in the coming years. Highlights of this Budget include:

**Personnel:**

Staff is recommending the addition of one full time Electronics Technician to assist with our Intelligent Transportation Systems (ITS) infrastructure.

Staff is recommending a 3% Cost of Living Adjustment (COLA) for all regular full and part-time staff. This adjustment is included in the budget as presented.

Operating:

We have budgeted for projects including the continuation of the transit vision study, emergency preparedness planning and training, contracting a full time Transit Deputy, an approximate 10% increase in service hours, increased fuel costs and our annual contractual increase with Veolia Transportation.

Capital:


Due to the availability of new local funding through cooperation with the Antelope Valley Air Quality Management District (AVAQMD) and the implementation of Proposition 1b funding as well as new Homeland Security funding, we have been able to budget for additional capital projects including: purchasing new fareboxes, acquiring three new buses, replacing five Dial-a-Ride vans and beginning construction of Phase II of our facility.

It should be noted that at the mid-year adjustment we will have to revisit the modal splits and revenue numbers based on the realities of the anticipated Fall service changes, actual funding marks, state budget issues and fuel costs.

At this time staff is requesting:

- a. Chairman declares the Public Hearing open
- b. Receive public input received by staff.
- c. Hear public input from the audience.
- d. Close the public hearing
- e. Consider the proposed Fiscal Year 2008/2009 Annual Budget
- f. Vote on the proposed Fiscal Year 2008/2009 Annual Budget as presented or as modified.
- g. Adopt the Fiscal Year 2008/2009 Annual Budget as presented or modified.

Submitted and Reviewed by:



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Randy C. Floyd  
Executive Director

FISCAL YEAR 2008/2009 PROPOSED

ACCOUNT	DESCRIPTION	FY 06-07 ACTUAL	FY 07-08 ADOPTED	ADOPTED FY 07-08 MID YEAR	YTD as of 4/30/2008	PROPOSED FY 08-09	% CHANGE
<b><u>OPERATING EXPENDITURES</u></b>							
51005	PUBLICATIONS	2,832	3,000	3,000	840	3,000	0.00%
51010	EMPLOYMENT SCREENINGS	-	2,000	1,200	1,100	1,200	0.00%
51015	CLASSIFIED ADVERTISING	-	5,000	5,000	3,821	5,000	0.00%
51020	MARKETING	80,731	100,000	100,000	84,317	50,000	-50.00%
51025	FACILITY MAINTENANCE SUPPLIES AND SERVICES	43,713	38,500	38,500	34,974	40,000	3.90%
51030	CONTRACT/CONSULTING SERVICES	455,300	500,000	500,000	402,775	380,000	-24.00%
51031	LEGAL SERVICES	-	-	-	-	125,000	0.00%
51035	EQUIPMENT MAINTENANCE & SUPPLIES	32,162	98,500	98,500	19,861	98,500	0.00%
51040	SOFTWARE AGEEMENTS/LICENSES	2,293	50,000	50,000	42,010	100,000	100.00%
51045	MEMBERSHIPS	30,477	32,000	32,000	28,111	35,000	9.38%
51050	OFFICE EQUIPMENT UNDER \$5,000	26,109	5,000	5,000	8,500	5,000	0.00%
51055	OFFICE EQUIPMENT MAINTENANCE/REPAIR	15,771	10,000	10,000	8,572	12,000	20.00%
51060	OFFICE SUPPLIES	3,855	16,000	20,000	14,592	20,000	0.00%
51065	POSTAGE and DELIVERY SERVICES	12,303	5,200	7,500	5,852	10,000	33.33%
51070	RENTAL EXPENSE	-	15,000	15,000	11,584	23,000	53.33%
51075	EQUIPMENT LEASE	-	-	-	-	-	0.00%
51080	OTHER GOVT AGENCIES FEES	1,443	2,000	2,000	1,078	2,000	0.00%
51085	PLANNING STUDIES and SURVEYS	51,418	475,000	455,000	60,255	490,000	7.69%
51090	SPECIAL FEES & SERVICES	-	30,600	1,000	37	-	-100.00%
51095	ADMINISTRATIVE COSTS	2,051	2,300	2,300	1,029	2,000	-13.04%
51100	SPEC FEE-LOBBYIST WASH DC	-	1,200	1,200	1,400	2,500	108.33%
51105	SMALL TOOLS	4,276	10,000	10,000	2,408	11,200	12.00%
51110	TELEPHONE & FAX	27,733	26,000	30,000	29,359	30,000	0.00%
51115	SERVICE CONTRACT: OPERATIONS/MAINTENANCE	8,205,242	9,399,116	9,200,000	7,708,350	9,800,000	6.52%
51120	SUBSIDIZED PROGRAMS	-	121,212	-	-	-	0.00%
51125	SECURITY SERVICES	20,691	295,000	125,000	34,805	300,000	140.00%
51130	PRINTING SERVICES	42,967	80,500	80,500	26,495	85,000	5.59%
51135	TRAINING and MEETINGS	57,883	55,000	55,000	43,558	53,000	-3.64%
51140	AUDIT FEES	54,026	40,000	40,000	22,865	40,000	0.00%
51145	LIAB, FIRE & OTHERS INS.	195,400	270,780	270,780	202,281	280,000	3.40%
51150	VEHICLE MTCE-FUEL & LUB	2,078,110	2,321,032	2,700,000	2,192,055	3,000,000	11.11%
51160	BAD DEBT EXPENSE	267	-	5,000	4,104	5,000	0.00%

FISCAL YEAR 2008

PROPOSED

ACCOUNT	DESCRIPTION	FY 06-07 ACTUAL	FY 07-08 ADOPTED	ADOPTED FY 07-08 MID YEAR	YTD as of 4/30/2008	PROPOSED FY 08-09	% CHANGE
<b>PERSONNEL EXPENDITURES</b>							
50005	REG SALARIES & WAGES	780,767	1,057,049	1,199,894	836,981	1,519,350	26.62%
50010	PART TIME WAGES	67,270	40,197	40,197	12,594	14,900	-62.93%
50015	OVERTIME WAGES	-	10,000	15,000	10,189	15,000	0.00%
50205	PAID SICK LEAVE	16,995	3,294	43,200	27,201	48,000	11.11%
50210	PAID VACATION/HOLIDAY	96,422	43,914	43,914	26,261	60,000	36.63%
50215	SOCIAL SECURITY/MEDICARE	17,324	16,692	18,738	14,177	21,150	12.87%
50220	CALPERS	159,608	194,922	220,634	169,757	263,050	19.22%
50225	LIFE/AD&D/STD	19,003	3,532	4,603	3,668	5,500	19.49%
50230	LONG-TERM DISABILITY/CARE INSURANCE	-	29,327	37,776	14,080	12,700	-66.38%
50335	MEDICAL INS - FT EMPLOYEES	114,040	167,675	202,874	138,447	186,100	-8.27%
50340	DENTAL INS - FT EMPLOYEES	-	16,637	18,581	17,053	20,550	10.60%
50345	VISION INS - FT EMPLOYEES	-	5,296	6,374	4,014	6,000	-5.87%
50350	MEDICAL INS - PT EMPLOYEES	-	13,415	13,415	4,622	3,850	-71.30%
50355	DENTAL INS - PT EMPLOYEES	-	1,270	1,270	488	450	-64.57%
50360	VISION INS - PT EMPLOYEES	-	304	304	133	150	-50.66%
50265	UNEMPLOYMENT INSURANCE	8,804	9,548	13,454	12,472	11,750	-12.67%
50270	WORKER'S COMPENSATION	34,811	28,112	32,346	18,386	39,050	20.73%
50275	FEDERAL UNEMPLOYMENT INSURANCE	959	1,232	1,736	1,570	1,550	-10.71%
50280	457 CONTRIBUTIONS	4,326	-	4,400	3,801	5,000	13.64%
50285	TUITION REIMBURSEMENT	-	-	12,000	8,400	25,000	108.33%
50290	ADMINISTRATIVE LEAVE	-	-	4,400	-	20,000	354.55%
<b>TOTAL:</b>		<b>1,320,329</b>	<b>1,642,415</b>	<b>1,935,110</b>	<b>1,324,293</b>	<b>2,279,100</b>	<b>17.78%</b>

FISCAL YEAR 2008/09 PROPOSED

ACCOUNT	DESCRIPTION	FY 06-07 ACTUAL	FY 07-08 ADOPTED	ADOPTED FY 07-08 MID YEAR	YTD as of 4/30/2008	PROPOSED FY 08-09	% CHANGE
51165	MILEAGE REIMBURSEMENT	-	-	-	-	1,000	100.00%
51205	FUEL & LUBE TAXES	7,287	-	8,000	5,548	10,000	25.00%
51210	BANK FEES	13,447	-	15,600	11,009	15,600	0.00%
51215	DR CR BANK FEES	34,653	-	42,000	33,034	42,000	0.00%
51220	USE TAX	-	-	5,000	27,921	5,000	0.00%
<b>TOTAL OPERATING COSTS</b>		<b>11,502,439</b>	<b>14,009,940</b>	<b>13,934,080</b>	<b>11,074,501</b>	<b>15,082,000</b>	<b>8.24%</b>

CAPITAL OUTLAY EXPENDITURES

60005	MAINTENANCE EQUIPMENT	-	-	-	-	-	-
60010	REV VEH PURCHASE	6,218,050	6,112,000	6,112,000	-	7,852,000	28.47%
60015	MAJOR BUS COMPON(Refurbs)	1,000,000	1,000,000	1,000,000	-	1,000,000	0.00%
60020	FACILITIES AND PROPERTY	1,000,000	-	-	17,423	300,000	-
60025	PASSENGER STATION	-	-	-	-	-	-
60030	BUS STOP IMPROV	-	-	-	-	50,000	-
60035	MAINT & OPS SUPPORT EQUIP (Support Vehicles)	150,000	150,000	150,000	4,578	150,000	0.00%
60040	ADMIN SUPPORT EQUIP	310,000	100,000	100,000	18,388	100,000	0.00%
60045	DATA & COMM SYSTEM	1,500,000	1,500,000	1,500,000	832,990	400,000	-73.33%
60055	UNIVERSAL FARE SYSTEM	1,000,000	-	-	-	2,155,000	-33.33%
60060	SECURITY - BUS & FACILITY	1,200,000	1,200,000	1,200,000	-	800,000	-33.33%
<b>TOTAL:</b>		<b>211,672</b>	<b>12,378,050</b>	<b>10,062,000</b>	<b>873,379</b>	<b>12,807,000</b>	<b>27.28%</b>

**FISCAL YEAR 2008/2009 PROPOSED**

ACCOUNT	DESCRIPTION	FY 06-07 ACTUAL	FY 07-08 ADOPTED	ADOPTED FY 07-08 MID YEAR	YTD as of 4/30/2008	PROPOSED FY 08-09	% CHANGE
<b>FUNDING SOURCE - OPERATING</b>							
40199	FAREBOX	3,861,854	4,056,000	4,056,000	3,422,495	4,056,000	0.00%
41025	INVESTMENT REVENUE	17,003	35,000	35,000	-	35,000	0.00%
42040	MTA:PROP A DISCRETIONARY-GROWTH OVER CPI	4,090,822	3,780,815	3,780,815	4,119,747	3,669,650	-2.94%
42045	MTA:PROP C 40%-FOOTHILL MITIGATION	8,842	17,921	17,921	17,921	18,400	2.67%
42050	MTA:PROP C 40%-TRANSIT SERVICE EXPANSION	301,470	308,856	308,856	308,856	314,500	1.83%
42055	MTA:PROP C 40%-BUS SERVICE IMPROVEMENT PLAN	38,263	39,200	39,200	39,200	39,900	1.79%
42060	MTA:PROP C 5%-BUS SECURITY ENHANCEMENT	146,993	178,304	178,304	178,304	158,800	-10.94%
42065	MTA:PROP C 40%-MOSIP	744,976	920,488	1,531,325	1,531,325	883,900	-42.28%
42070	MTA-FUEL VOLATILITY SUBSIDY	-	-	-	-	-	
42075	MTA-CALIFORNIA SPILLOVER ALLOCATION	256,740	-	-	-	-	
42080	JURISDICTION CONTRIBUTION-LANCASTER	1,548,023	1,650,000	1,466,500	1,650,000	1,488,250	1.48%
42085	JURISDICTION CONTRIBUTION-LOS ANGELES COUNTY	799,144	871,200	756,703	871,200	667,600	-11.78%
42090	JURISDICTION CONTRIBUTION-PALMDALE	1,467,136	1,760,000	1,597,104	1,760,000	1,450,650	-9.17%
42095	FTA:5307 OPERATING SUBSIDY(Replenish Cap Reserve)	-	3,800,000	1,151,911	-	1,654,900	43.67%
42105	JOB ACCESS REVERSE COMMUTE (JARC)	-	60,606	-	-	-	
42150	FTA:5307 PREVENTATIVE MAINTENANCE PROGRAM	3,252,777	3,166,344	3,166,344	339,245	4,270,250	34.86%
42160	MTA PROP A DISCRETIONARY INCENTIVE PROGRAM-DIAL A RIDE	-	-	-	237,343	264,950	11.63%
41030	OTHER-NON-TRANSPORTATION REVENUE	9,609	5,000	5,000	-	5,000	0.00%
<b>TOTAL OPERATING FUNDING:</b>		<b>16,543,653</b>	<b>20,644,734</b>	<b>18,090,983</b>	<b>14,475,636</b>	<b>18,977,750</b>	<b>4.90%</b>

FISCAL YEAR 2008 9 PROPOSED

ACCOUNT	DESCRIPTION	FY 06-07 ACTUAL	FY 07-08 ADOPTED	ADOPTED FY 07-08 MID YEAR	YTD as of 4/30/2008	PROPOSED FY 08-09	% CHANGE
<b>FUNDING SOURCE - CAPITAL</b>							
42110	FTA:5307 CAPITAL GRANT PROGRAM	92,704	9,817,600	8,049,600	40,888	16,654,700	
42155	JOB ACCESS REVERSE COMMUTE (JARC)	-	84,840	-	-	-	
42165	PTMISEA - PROP 1B	-	-	957,640	957,640	957,600	
42170	AVAQMD	9,259	-	430,400	-	710,900	
	<b>TOTAL CAPITAL FUNDING:</b>	<b>101,963</b>	<b>9,902,440</b>	<b>9,437,640</b>	<b>998,528</b>	<b>18,323,200</b>	
	<b>TOTAL FUNDING:</b>						
	<b>TOTAL PLANNED EXPENDITURES</b>		<b>30,547,174</b>	<b>27,528,623</b>	<b>15,474,164</b>	<b>37,300,950</b>	
	Difference		<b>30,550,174</b>	<b>28,450,959</b>	<b>13,272,174</b>	<b>30,168,100</b>	
			(3,000)	(922,336)	2,201,990	7,132,850	
	Total Operating Expense including Personnel		15,652,355	15,869,190	12,398,795	17,361,100	
	Total Operating Funding		20,644,734	18,090,983	14,475,636	18,977,750	
	Difference		4,992,379	2,221,793	2,076,842	1,616,650	
	Total Capital Expense			12,581,769		12,807,000	
	Total Capital Funding			9,437,640		18,323,200	
	Difference			3,144,129		5,516,200	
	<b>CAPITAL REPLACEMENT RESERVE CONTRIBUTIONS</b>						
11040	ESTIMATED BALANCE AS OF 7/1/08					595,000	
	JURISDICTION CONTRIBUTION-LANCASTER			183,500		183,500	
	JURISDICTION CONTRIBUTION-LOS ANGELES COUNTY			114,497		114,500	
	JURISDICTION CONTRIBUTION-PALMDALE			162,896		162,900	
	FTA 5307 Operating Subsidy xfer to LAIF			460,893		1,654,900	
		<b>349,705</b>				<b>2,710,800</b>	

### LINE ITEM DEFINITION

- 51005 PUBLICATIONS - Provides for publications related to the transit industry, information technology, and legislation.
- 51010 EMPLOYMENT SCREENINGS - Provides for pre-employment medical exams.
- 51015 CLASSIFIED ADVERTISING - Provides for legal, employment, and capital project related advertisements.
- 51020 MARKETING - Provides for outreach to existing and potential riders.
- 51025 FACILITY MAINTENANCE SUPPLIES AND SERVICES - Provides for facility repairs and maintenance and purchase of consumables.
- 51030 CONTRACT/CONSULTING SERVICES - Provides funding for consulting services in an array of specialties; records management, ITS technical support, armored car service, financial services, human resource services, drug/alcohol compliance, and branding.
- 51031 LEGAL SERVICES - AVTA contracts for legal services as a cost effective measure. Legal services were previously reported under Line Item 51030 - Contract/Consulting Services.
- 51035 EQUIPMENT MAINTENANCE & SUPPLIES - Provides for facility and vehicle equipment maintenance and supplies.
- 51040 SOFTWARE AGEEMENTS/LICENSES - Provides funding to purchase/renew licenses for the ITS, ERP, and MMS systems as well as the Microsoft suite of products.
- 51045 MEMBERSHIPS - Provides funding for memberships to the American Public Transportation Association (APTA), California Teansit Association (CTA), and California Association of Coordinated Transportation (CalACT).
- 51050 OFFICE EQUIPMENT UNDER \$5,000 - Provides for purchases of furniture, fixtures, and equipment (FFE).
- 51055 OFFICE EQUIPMENT MAINTENANCE/REPAIR
- 51060 OFFICE SUPPLIES - Provides for standard office supplies and for business cards, typewriter, fax and copy machine supplies, and monthly per copy charges on the copy machine supporting including Board/TAC meeting materials production.
- 51065 POSTAGE and DELIVERY SERVICES - Provides for the mailing costs of commuter passes, board materials, accounts payable checks, and other agency business related documents.
- 51070 RENTAL EXPENSE - Provides for radio tower rental for 2-way radio communication with commuter fleet.



- 51080 OTHER GOVT AGENCIES FEES - Provides funding for annual vehicle registration and annual Notary renewal.
- 51085 PLANNING STUDIES and SURVEYS - Provides for planning and service studies and surveys. FY 08/09 budget includes ongoing funding for the Transit Vision Study, Emergency Preparedness, Annual Route Assessment, and a transit coordination plan for non-emergency medical trips.
- 51095 ADMINISTRATIVE COSTS - Discretionary funding for employee recognition and team building activities.
- 51100 SPEC FEE-LOBBYIST WASH DC - Membership in the 100 Bus Coalition which supports transit advocacy on a national level.
- 51105 SMALL TOOLS - Provides funding for tool purchases for the maintenance staff.
- 51110 TELEPHONE & FAX - Provides for cellular and land-line phone services
- 51115 SERVICE CONTRACT: OPERATIONS/MAINTENANCE - Provides funding for the vehicle operation and maintenance contract.
- 51125 SECURITY SERVICES - Provides funding for the contract with the Los Angeles County Sheriff's Department, Transit Bureau.
- 51130 PRINTING SERVICES - Provides funding for printing of fare media and service schedules.
- 51135 TRAINING and MEETINGS - Provides for attendance at annual conferences, meetings, and seminars sponsored by the American Public Transportation Association, California Transit Association, California Association of Coordinated Transportation.
- 51140 AUDIT FEES - Provides funding for the requisite annual financial audit.
- 51150 VEHICLE Maintenance-FUEL & LUBE - Provides funding for the purchase of fuel and oil for Transit, Commuter, Dial-A-Ride, service, and support vehicles.
- 51165 MILEAGE - Provides for reimbursement for use of personal auto for Agency business.
- 51210 BANK FEES - Provides funding for monthly checking account fees.
- 51215 DR CR BANK FEES - Provides funding for debit/credit card processing fees.
- 51220 USE TAX - Provides for payment of sales and use taxes not charged at the time of purchase.