

### **Background Information:**

### **Consent Calendar:**

- 2. Approval of the April 5, 2017 Meeting Minutes**
- 3. Review of the Draft Final Triennial Performance Audits of the Regional Public Transportation System, Tuolumne County Transit.**

The Tuolumne County Transportation Council is required by Section 99246 of the Transportation Development Act (TDA) to designate entities other than itself, a county transportation commission, a transit development board or an operator to make a performance audit of its activities and the operator of the Public Transit System, Tuolumne County Transit (TCT) in our region, every three years.

A performance audit is a systematic process of evaluating an organization's effectiveness, efficiency and economy of operation under management control. The objectives of the audit are to provide a means for evaluating an organization's performance and to enhance that performance by making recommendations for improvements. The audit measures performance against acceptable criteria and focuses on management's planning and control system. In addition, the audit evaluates the adequacy of an organization's systems and the degree of compliance with established policies and procedures.

As you may recall, through a formal Request for Proposals process, a contract to conduct Performance Audits covering Fiscal Years 2013/14 through 2015/16 was executed with LSC Transportation Consultants, Inc. These Performance Audits have been conducted in compliance with relevant sections of the TDA and the Performance Audit Guidebook for Transit Operators and Regional Transportation Entities issued by the California Department of Transportation.

As required, the Consultant prepared Administrative Draft Audits and submitted them to Staff for review. The Consultant has addressed staff's comments and prepared the attached Draft Final Performance Audits for the TCTC's review and comment. The Consultant will present a report on the findings and recommendations included in the Performance Audits. Comments on the Audits will be incorporated into the final audit presented in June.

### **Attachment:**

*Draft Final TCTC Performance Audit*

*Draft Final TCTA Performance Audit*

### **Recommended Action:**

*Review the Draft Final TCTC and Public Transit Performance Audits.*

### **Regular Agenda:**

- 4. Progress Report on the Construction of the Tuolumne Transit Center**

The Tuolumne Transit Center is finally making a sustained and uninterrupted push towards completion. The good weather has allowed for progress in the following areas:

- Planning for PGE commitment letter infrastructure

- Brown/scratch coat and interior/exterior plastering
- Installation of the retaining wall on the West side of the property
- Pouring of the concrete planters/seat walls
- Prep and pouring of concrete flatwork for shade structure and small courtyard area between outside building

Additionally, the County accepted bids on extending the fiber optic cable from the Juvenile Detention Center to the Transit Center and also stubbing out conduit for the future extension to the new jail. American Systems Controls and Integration Inc (ASCII) was selected to do the work. This is a cost share item between the Transit Agency and the County. The bid to do the work is \$29,741. The TCTA share of this is \$18,430. The remaining balance will be paid by the County.

An update on the Invitation for Bid to provide furniture for the project is given as part of a separate agenda item.

**Attachments:**

*There are no attachments for this item.*

**Recommended Action:**

*No action required. Informational item only.*

**5. Recommend approval of IFB Furniture Bid for Transit Facility**

Staff let an Invitation for Bid (IFB) on April 10, 2017 asking for proposals to provide seating for both indoor and outdoor spaces at the Tuolumne Transit Center. Furniture was one of the items removed during the value engineering phase of the project. When the TCTA received the project cost estimate we were significantly over budget. Staff worked with the project partners and the Transit Agency to identify cost saving elements for the project. Many modifications were proposed and accepted, including removing furniture from the bid in favor of making this an owner furnished, owner installed item.

Recognizing where the project is at currently at in the construction schedule, staff let the Invitation for Bid so a contract could be considered by the Transit Agency.

Staff received proposals from the following companies:

1. Company A (to be included in final draft)
2. Company B (to be included in final draft)
3. Company C (to be included in final draft)

The proposals were scored based on these criteria, included in the IFB:

40%- Overall Bid Price

20%- Durability and quality of material/product proposed

20%- Product Warranty/Guarantee of workmanship

20%- Experience with providing product, materials, installation

Staff allowed for a project question and response period to enhance project understanding with the hope of receiving superior bids. The IFB for the project was posted on the Tuolumne County Transportation Council website, along with project documents and updates.

In addition to requesting a bid on seating products, a separate bid was requested as a project alternate to install both indoor and outdoor seating (if service is offered by provider). No additional points were given or subtracted from proposals for offering or not offering this service.

All responsive bids were due on Monday, May 1, 2017 by 2pm.

**Attachment:**

*Invitation for Bid*

*Top ranked project proposal*

**Recommended Action:**

*Select top ranked proposal to provide seating for the Tuolumne Transit Center and direct staff to work with provider to secure said product.*

**6. Recommend Adopting Resolution 40-17 adopting the TCTA-Public Transportation Recommended Budget for Fiscal Year 2017/18.**

Public Transportation Services are generally planned through the five year Transit Development Plan and then re-evaluated each year through the Unmet Transit Needs process to see how well those services are meeting the needs of the community. As you may recall, during the recent Unmet Transit Needs process, the TCTC found that there were no unmet transit needs that were reasonable to meet according to the adopted criteria. Therefore, no proposed changes to transit services are included in this Recommended Budget.

**Revenue**

The Public Transportation System is primarily funded by California Transportation Development Act (TDA) funds, Federal Transit Administration (FTA) Section 5311 Operating Assistance grant funds, and farebox revenue. The TDA funds (Local Transportation Funds and State Transit Assistance Funds) are provided by the State to the TCTC, who then allocates the funds to the Public Transportation System.

Local Transportation Funds (LTF) are derived from ¼ of one cent of the retail sales tax collected statewide. The ¼ cent is returned by the State Board of Equalization to each region according to the amount of tax collected in that region. Claims requesting LTF allocations are submitted for approval to the designated regional transportation planning agency, the Tuolumne County Transportation Council (TCTC) for the Tuolumne County Region. Payments from the LTF are performed by the County Auditor in accordance with written allocation instructions issued by the TCTC in compliance with the TDA. In Tuolumne County, Local Transportation Funds are allocated by population to the City (8.1%) and County (91.9%), who then contribute their share, based on the same population figures, to the cost of providing the Region's public transit services.

LTF is the major revenue source for the Public Transportation System. Based on future estimates on sales tax received from the State, the Auditor-Controller recommends the TCTC estimate a 4.5% increase in LTF for Fiscal Year 2017/18. This would result in a total estimate of \$1,577,961. Fiscal Year 2015/16 ended the year at a 15% increase from the previous year. Current year receipts are showing a 9% increase from this same time last year. It should be noted that, LTF revenue for the current year has only been received through the first three quarters, which is through March. The final quarter will not be received until September. The information from the State is indicating a continuing positive trend through next year. Based on current year end estimates for FY16/17, a fund balance of \$124,129 is anticipated that could be added to next year's allocations. Based on the factors noted above, staff recommends the TCTC estimate next year's LTF at the +4.5% rate recommended by the Auditor-Controller.

The FY17/18 Budget for Public Transit was developed incorporating the 2% increase for services associated with the Transit Services Agreement. It is determined that \$1,577,961 in LTF will be needed to fund the Transit Budget. After the Administration and Bicycle/Pedestrian Projects Reserve (2%) allocations are made from the estimated LTF, a balance of \$118,274 is anticipated to be available for streets and roads maintenance.

State Transit Assistance Funding (STAF) is administered and controlled by guidelines set forth in the TDA. Funds for the program are derived from the statewide sales tax on gasoline and diesel fuel. These funds are appropriated to the Secretary of the Business, Transportation and Housing Agency for allocation by formula to each regional transportation planning agency. STAF is anticipated to be \$245,027 in FY18 based on the preliminary estimate received by the State Comptroller's Office. This is a 2% increase from last year's STAF revenue. A final estimate should be received in August or September.

With the completion of the Law and Justice Center Transit Facility Project, funds are expected to be fully expended in FY16/17 and the projects completed. The completion of this project will cause a \$1,348,626 reduction in revenue from various sources.

FTA Section 5311 Operating Assistance Funding has been fairly reliable and consistent over the years. As with STAF, final apportionment figures are not typically received until the fall of each year, after budgets need to be adopted. In FY 16/17 the State adopted a new policy which allowed TCTC to apply for two fiscal years of funding in March 2017. This will allow the funding to be available in the current year and not be paid in arrears. Funding for FY17/18 is estimated to be \$298,704, which is slightly over last year by \$2,963.

Congestion Mitigation and Air Quality (CMAQ) funding in the amount of \$5,000 has been carried over from the previous year for the purchase of radios. These radios are not anticipated to be received until after July 1<sup>st</sup>, into FY17/18. The related expenses have also been carried over to the FY17/18 Budget.

The farebox revenue estimates for the FY17/18 Recommended Budget show no increase over the previous year. Previous year revenue shows a slight downward trend, but due to the increase in farebox scheduled to take place with the completion of the Law and Justice Center Transit Facility Project sometime around the first of the year, It is anticipated the farebox revenue will come in as budgeted. Dial-A-Ride revenue is included as the same estimate as last year since it seems to be more in line with budget. The Dodge Ridge Ski Bus revenue exceeded the budget this year due to the positive winter weather conditions.

The overall revenue budget is showing a decrease of \$3,183,451. This is mainly due to capital projects that receive one-time funds through grants or allocations and is consistent with the completion of Law and Justice Center Transit Facility and the new bus purchase happening in the previous fiscal year.

### Expenses

The Transit Operations Agreement with Storer Transit Systems includes a 2% increase to the vehicle service hourly rate for transit services for Fiscal Year 2017/18. This is a \$31,620 increase from last year's Adopted Budget.

The cost for the Lease of the Transit Facility increases each year by the Consumer Price Index (CPI) for the prior year, which will be 3.4% for the Fiscal Year 2017/18 Budget. The TCTA's cost for the Transit Facility in 2017/18 will be \$73,031, an increase of \$2,401.

Based on fuel prices trending up, the budget reflects an increase in fuel costs of \$15,148 which is calculated on an average price of \$2.56 per gallon. Fuel cost is calculated based on a methodology used by Storer Transit Systems for their overall Transit and Tour Bus businesses. The 2017/18 Budget anticipates an overall fuel cost of \$165,000.

### Staff Costs

TCTA staff is provided by the TCTC through a revenue transfer for the percentage of time dedicated to Public Transportation System administration. Management has reviewed staff time and made some changes to the percentages dedicated to each budget, as illustrated below.

Position/Title	TCTC Budget		Transit Budget		FTE
	FY16/17	FY17/18	FY16/17	FY17/18	
Executive Director	70%	70%	30%	30%	1
Senior Administrative Analyst	70%	70%	30%	30%	1
Senior Transportation Planner	30%	15%	70%	85%	1
Transportation Planner II*	80%	90%	20%	10%	1
Administrative Technician	70%	70%	30%	30%	1
<i>Total Full-Time Equivalents (FTEs)</i>	<i>3.20</i>	<i>3.15</i>	<i>1.80</i>	<i>1.85</i>	<i>5.00</i>

#### \*Transportation Planner II Promotion

TCTC employees are compensated consistent with the County's Employee Memorandums of Understanding (MOUs). The County has recently approved a Comprehensive Classification and Compensation Study which included several reclassifications and compensation adjustments that will go into effect 7/1/2018 and will not affect this year's budget. Staff recommends promoting the TCTC's Transportation Planner I to a Transportation Planner II due to the positions work responsibilities. This would be a cost increase of \$3,096.

The TCTC's Recommended Budget also includes a 3% cost of living (COLA) adjustment for two of the TCTC employees consistent with the City and County salary adjustments. All other employee's received their increase in February 2017. This is an overall salary cost increase of about \$5,000. The net of these increases will be offset by the savings that incurred in Fiscal Year 2017/18 because of the salary budgeted for the two month overlap when the Senior

Administrative Analyst retired and the new person came on board of approximately \$10,510. This amounts to a net increase of \$2,414 in Salaries and Benefits over the previous year's budget.

Per Title 2 of the California Code of Regulations, section 570.5 have the TCTA approve and adopt the below standalone pay schedule that is to be posted on the Transit Website and accessible to the public.

Job Code	Classification	Union Code	Reg	Range	Effective Date	Step 1	Step 2	Step 3	Step 4	Step 5
0490	TCTC Executive Director	MGT	R	561	7/01/17	56.58	59.47	62.52	65.71	69.07
3994	TCTC SR. Admin. Analyst	EXE	R	460	7/01/17	34.19	35.94	37.78	39.32	40.52
3895	TCTC SR. Trans. Planner	PRO	R	463	2/05/17	33.69	35.42	37.22	39.13	41.13
4416	TCTC Trans. Planner II	PRO	R	443	2/05/17	30.50	32.06	33.69	34.42	37.23
5024	Admin. Tech.	GEN	R	350	2/05/17	19.18	20.16	21.19	22.27	23.41

Overall, the expense budget is showing a decrease of \$2,793,951 from last year's adopted budget. This is mainly due to the decrease of expense related to the completion of the Law and Justice Center Transit Facility Project of \$2,194,233 and the purchasing of the new busses in the previous fiscal year costing \$620,616 in operating costs and capital projects.

### Budget Assumptions

The Public Transportation Budget for Fiscal Year 2017/18 is based upon the following assumptions:

- Overall LTF revenue will increase by 4.5% from Fiscal Year 2016/17.
- Other revenue, such as STAF and FTA Section 5311 Operating Assistance funding will be received at the amounts included in the Budget.
- The Transit Contractor's vehicle service hour rate will increase by 2%.
- There will be no increases in service hours.
- Fuel costs will average \$2.12 per gallon for diesel and \$2.99 per gallon for unleaded gas based on the prices paid in the past two years and recent trends. The gallons used will not increase.
- Premium services, such as the Dodge Ridge Ski Bus, Holiday Trolley and Special Community Events will continue.
- The TCTA will continue to lease the existing Transit Facility, the payment will increase by the CPI from the prior year (3.4% for this budget year).
- The TCTA will budget a fixed \$45,000 for marketing, rather than 3% of the operating budget, which is closer to \$65,000. *(TDP recommended; 3-5% to maintain ridership, 5-7% to increase ridership, 7-10% for new services)*
- Staff costs will be fully budgeted in the TCTC Administration Budget with a reimbursement to the TCTA-Public Transportation Budget for the share of staff time dedicated to transit related activities.
- The Transportation Planner I will be promoted to Transportation Planner II.
- Certain staff will receive a 3% COLA salary adjustment. All other staff received a 2% increase in last year's budget, and their next increase will be effective 7/1/18.

- The Transit Facility is scheduled to be completed in FY16/17 causing a \$2.1M reduction in Expenses with a corresponding reduction to revenue.
- There will be no new busses purchased in FY17/18 so there will be a reduction in expense of \$620K with a corresponding reduction in revenue.
- The \$50,000 contingency from the current budget will carry over to the FY17/18 Budget, with no additional funds added.

The Fiscal Year 2017/18 Recommended Budget is estimated to begin with a positive fund balance of \$50,144 over the Minimum Restricted Fund Balance based on the Year End Budget Review for the current year. FY17/18 is estimated to end with a \$327,259 fund balance based on the anticipated revenue and planned expenditures. The 90-day cash flow amount required by the Minimum Restricted Fund Balance Policy for this budget is \$556,379. Since the budget includes a contingency for unanticipated items, staff recommends the TCTA pass the Recommended Budget as presented to provide maximum pass through of LTF to the City and County for streets and roads purposes.

The Final Budget will most likely be presented at the August TCTA meeting, after the close-out figures from FY16/17 are finalized. As you know, a public hearing is required prior to the adoption of the final budget each year, which will be included on the agenda. The appropriate public notice will be published at least 10 days in advance of the hearing.

**Attachment:**

*Resolution 40-17, TCTA Recommended Budget for Fiscal Year 2017/18*

**Recommended Action:**

*Recommend the TCTA adopt Resolution 40.17 adopting the Public Transit System Recommended Budget for FY17/18 as proposed.*

## **7. Reports**