



marin transit

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May 15, 2017

Honorable Board of Directors
Marin County Transit District
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Marin County Transit District Final Operating and Capital Budget for FY 2017/18

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Dear Board Members:

RECOMMENDATION: Adopt FY 2017/18 Budget.

SUMMARY: Marin Transit's draft budget for July 1, 2017 to June 30, 2018 was distributed at your Board's April 17, 2017 meeting. At today's meeting, staff will describe changes to the draft budget since its distribution in April and will present a proposed final budget.

The proposed budget reflects the priorities and financial projections in the draft Short Range Transit Plan (SRTTP). These priorities include continuing to provide a high level of fixed route service, mobility options for seniors, and transportation for youth in Marin County. The budget sustains the funding and expenditures needed to provide and monitor the expanded level of fixed route transit service launched in June 2016.

The SRTTP prioritizes Marin Transit's capital needs. Among these priorities: investment in a permanent maintenance facility to reduce the District's operational risk associated with contract service operation and to maintain the existing transit assets in a state of good repair. The proposed budget significantly increases capital expenditures and associated revenues for vehicle purchases, land acquisition, and final construction of the renovated downtown Novato transit facility. The budget includes significant grant funding the District was awarded for these projects.

The financial outlook in the upcoming fiscal year has not changed significantly from the current year. In the upcoming Short Range Transit Plan update, the Board will consider long-term revenue and expenditure trends including the end of the local sales tax measure in 2025.

The budget includes current Metropolitan Transportation Commission (MTC) revenue projections for State Transit Assistance (STA) and Transportation Development Act (TDA) funds, Measure A estimates from the Transportation Authority of Marin (TAM), and County of Marin estimates for property tax revenue.

The FY 2017/18 Expenditure Budget for Operations and Capital Projects of \$49,736,911 is balanced without the use of any unrestricted reserve funding. The expenditure budget allows for a fully funded Emergency Reserve (two months operating expenses), a Contingency Reserve of four months of operating expenses, and a Capital Reserve of \$7.3 million.

The operating expense budget of \$29,939,723 is a two percent increase over the FY 2016/17 budget, and provides a similar level of service hours. While purchased transportation contract rates increase, the budget reduces the line item for fuel by \$450,000. This is consistent with current trends in fuel expenditures.

Table 1: Budget Summary

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Draft Budget	FY 2017/18 Final Budget
Revenue					
Capital	10,956,514	11,616,689	4,940,986	19,765,564	19,765,564
Operations	28,975,129	32,604,512	30,155,150	32,714,630	32,874,780
Total Revenue	\$39,931,643	\$44,221,201	\$35,096,136	\$52,480,194	\$52,640,344
Expenditures					
Capital	10,916,276	11,616,689	4,940,986	19,797,188	19,797,188
Operations	25,133,710	29,435,770	26,524,071	29,729,575	29,939,723
Total Expenditures	\$36,049,986	\$41,052,459	\$31,465,057	\$49,526,763	\$49,736,911
Net Change in Fund Balance	\$3,881,657	\$3,168,742	\$3,631,079	\$2,953,431	\$2,903,434
Emergency Reserve	4,188,952	4,886,753	4,420,679	4,954,929	4,989,954
Contingency Reserve	8,377,903	9,773,507	8,841,357	9,909,858	9,979,908
Capital Reserve	2,854,987	3,930,324	6,066,299	7,448,602	7,293,530
Fund Balance (total reserve)	\$15,421,842	\$18,590,584	\$19,328,334	\$22,313,389	\$22,263,392

Marin Transit's capital expenditure budget is \$19,767,188. Almost half of the capital budget is for vehicle replacements. These include purchase of ten 40ft vehicles and two electric vehicles. The capital budget also includes completion of the downtown Novato transit facility and funding to perform the preliminary design, development, and right-of-way purchase for an operations and maintenance facility. Seventy-eight percent of the proposed FY 2017/18 capital budget is funded by state and federal grants.

Final Budget Compared to Draft Budget

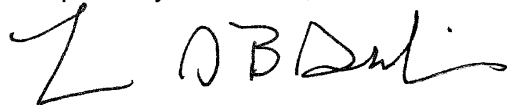
The proposed final operations budget for FY 2017/18 includes the following changes from the draft budget:

- Adds \$250,000 in Federal Section 5310 funds from a recently awarded multi-year discretionary grant of \$1 million for Mobility Management and same day accessible transportation;
- Increases the Local consulting budget by \$50,000 for the 100% ride check that will be completed next year;
- Reduces Federal Rural Section 5311 funding by \$7,000 based on newly released funding allocations. Rural Measure A expenditure is increased by the corresponding amount;
- Updates regional paratransit purchased transportation costs and the corresponding GGBHTD payment for regional paratransit; and
- Corrects a formatting error in the Yellow Bus Service Table, and updates revenue and expenses based on current information (Table 9).

There are no changes to the draft capital budget. In addition to the changes to the draft FY 2017/18 budget described above, the final budget includes limited updates to the estimated actuals for FY 2016/17.

FISCAL IMPACT: Board action will authorize FY2017/18 operations and capital expenditure levels.

Respectfully submitted,



Lauren Gradia
Director of Finance and Capital Projects

Attachment



Marin Transit Budget

FY 2017/18



final

Item 5

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Marin Transit Budget Overview

The Marin County Transit District (Marin Transit) is responsible for local transit service within Marin County, and provides over 3.3 million unlinked passenger trips per year and over 260,000 revenue hours of service. Marin Transit delivers services through contract operators. These include: Golden Gate Bridge Highway & Transportation District (GGBHTD), Marin Airporter, MV Transportation, Marin Senior Coordinating Council (Whistlestop), and Michael's Transportation. Marin Transit's Short Range Transit Plan (SRTP) is the primary service and financial planning document for the District, and includes ten years of financial projections for operations and capital programs. The District's Board adopted the most recent SRTP on July 27, 2015.

Budget Process and Timeline

The budget process begins in late February as a review of District and program level goals and objectives with finance and operations staff. In March, budget meetings focus on each program area. The Director of Finance compiles all the program data, and develops a draft budget to present to the Board of Directors at their April meeting. The final budget incorporates any changes from the draft version, and the Board adopts the budget at its May or June meeting.

The following is the timeline for fiscal year July 1, 2017 to June 30, 2018 (FY 2017/18) budget development:

March 1, 2017	Budget kick-off meeting
March 2017	Program level budget meetings
April 17, 2017	Draft budget presented to Board of Directors
May 15, 2017	Adoption of final budget

Relevant Financial Policies

This section details financial policies relevant to the District's annual budget and budget process. The Board has adopted these policies as part of the FN-01 policy document.

Basis of Accounting

Marin Transit's resources are allocated to and accounted for in the financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are accounted for on a flow of economic resources measurement focus. Marin Transit also uses the accrual basis of accounting, recording revenues when earned, and recording expenses at the time the liability is incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Proprietary funds further distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted revenues are available for use, it is Marin Transit's policy to use restricted revenues first then unrestricted revenues as they are needed.

Annual Budget Adoption

The Marin Transit Board of Directors adopts an annual budget for Marin Transit's fiscal year starting July 1 and ending June 30. Under the direction of the Director of Finance, staff develops a balanced budget for the Board of Directors that provides sufficient and sustainable funding for local transit service needs using the following guidelines:

- Maintain adopted reserve level
- Preserve a balance of revenues and expenditures over a ten-year horizon
- Provide for Short Range Transit Plan (SRTP) adopted service levels
- Allow for innovative growth

The Board adopts the annual budget for the coming fiscal year no later than the June Board of Directors meeting.

Budget Amendment

Budget control occurs at the total program level (administration, local, yellow bus, rural, Marin Access, capital). Deviations from budgeted line item amounts are acceptable if the total program expenses do not exceed the budget authority.

Budget authority transfers between programs require General Manager approval and must be made such that total budget expenditures are not exceeded.

In the event that overall expenditures are anticipated to exceed the approved annual budget authority, Board of Directors' approval is required prior to incurring the expense. Requests for budget amendments must include adequate supporting documentation and identification of available revenue to support the expenditure. If circumstances require immediate action, the General Manager may act in place of the Board of Directors and must present the expenditure to the Board of Directors at the next possible opportunity.

All budget amendments are reported to the Board quarterly, as part of the quarterly finance reports.

Reserve Policy

Marin Transit maintains an unrestricted reserve consisting primarily of property tax revenues. The District is dependent on many diverse funding sources for the operation of its services that are subject to state and federal funding availability and administrative processes. The reserve balance is essential to mitigate current and future risk of revenue shortfalls and unanticipated expenditures. The following reserve balance policy provides parameters on desired levels and uses of unrestricted reserve funds. The reserve balance levels are defined to minimize disruptions to the District's services due to fluctuation in funding and in accordance to the Government Finance Officers Association (GFOA) recommendations.

The District shall strive to maintain a reserve balance equivalent to a minimum of two months and up to a maximum six months operating expenses based on the adopted budget.

Any reserve balance equal to but not exceeding two months operating expenditures is defined as the emergency reserve. The emergency reserve will be available for use during prolonged revenue shortages to sustain District

operations until service reductions, program cuts, or fare increases are made to reestablish a balanced budget and restore the emergency reserve.

Any reserve balance greater than two months of operating expenditures, but less than four months of operating expenditures, is defined as the contingency reserve. The contingency reserve is available to maintain current service levels during short-term periods of declining revenue or slower than anticipated revenue growth.

When the emergency reserve is fully funded and the contingency reserve is funded with the equivalent of at least two months of operations funds, the District may fund a capital reserve through the budgeting process. The capital reserve is available to provide resources for high priority capital projects or grant matching funds. The reserve is designed to reduce the District's future needs for borrowing or bonding for large capital projects. With Board approval, capital reserve funds can be transferred to the contingency reserve or the emergency reserve if these funds fall below the target levels.

If, for a prolonged period, the total reserve balance held in emergency and contingency reserves exceeds six months of operating expenditures, Marin Transit will consider options such as but not limited to: expanding transit service or decreasing fares in an effort to provide the optimal level of transit service and benefits to Marin County.

Indirect Costs

To provide for the reasonable and consistent allocation or distribution of costs to its various grants and funding programs, Marin Transit develops an Indirect Cost Rate Proposal (ICRP) annually. The ICRP is designed in accordance with OMB Circular A-87 and is approved by the Federal Transportation Administration ("FTA"). Indirect costs are applied only upon receipt of the approved ICRP from the FTA.

Budget Summary

The FY 2017/18 expenditure budget for operations and capital projects is \$49,736,911. The expenditure budget allows for a fully funded Emergency Reserve (two months operating expenses), a Contingency Reserve of four months of operating expenses, and a Capital Reserve of \$7.3 million. The proposed budget includes a significant increase in capital expenditures and associated revenues for vehicle purchases, land acquisition, and final construction of a renovated downtown Novato transit facility.

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Fund Balance (total reserve)	\$15,421,842	\$18,590,584	\$19,328,334	\$22,313,389	\$22,263,392
Restricted Fund Balance	307,037	307,037	31,624	0	0
Expenditure of Rest.LCTOP	0	0	275,413	0	0
Expenditure of Rest. FTA veh.	0	0	0	31,624	31,624

District Fund Balance

Marin Transit's fund balance represents the total unrestricted net position. Each year, the fund balance increases or decreases by the net difference between total revenue and total expenses for the year. Marin Transit's Board-adopted policy designates an Emergency Reserve equivalent to two months of operating expenses and a Contingency Reserve equivalent to an additional two to four months of operating expenses. Marin Transit staff and Board Members review 10-year projections of revenues and expenses in the SRTP to ensure long term financial stability while maximizing mobility for local transit riders. Marin Transit will update the SRTP in 2017.

As recently as FY 2010/11 and FY 2011/12, Marin Transit relied on funds from the Contingency Reserve to balance the operations budget. In FY 2014/15, Marin Transit used prior year carry forwards to balance the budget. Successful contract renegotiations with Golden Gate Bridge Highway & Transportation District (GGBHTD) in 2015 resulted in lower service costs through a new operations contract effective in FY 2015/16. The contract reduces local fixed route service costs and provided a shift to direct payments for customer service, fuel, and other services. The

contract also provides additional revenues to support local paratransit services that complement GGBHTD's intra-county fixed route services.

Effective January 1, 2016, a new competitively procured paratransit contract has also resulted in lower purchased transportation costs. With these cost savings, the District restored reserves and implemented a 19% service expansion on June 12, 2016.

Sales tax revenue and state transit operating assistance make up 59% of Marin Transit operations revenue. These sources show signs of modest decline or growth lower than inflation. Despite lower revenue projections and expanded service, Marin Transit expects to contribute \$2.9 million in property tax to reserves in FY 2017/18. During the SRTP process, the Marin Transit Board will review the long term financial outlook to ensure the District maximizes benefits to Marin County residents, invests in capital improvements to ensure stability, and maintains adequate reserves to protect against future declines in revenue.

With the Emergency and Contingency Reserves continuing to be fully funded with the equivalent of six months of operations funds, the FY 2017/18 budget adds \$1.2 million to the Capital Reserve. The Capital Reserve is designed to reduce the District's future needs for borrowing or bonding for large capital projects.

Local Sales Tax – Measure A

Marin County voters passed a half cent sales tax measure (Measure A) in 2004 to provide local funding and investment for transportation infrastructure and programs. Measure A is a 20-year measure, and FY 2024/25 will be the last year of the current measure. Under the Measure A sales tax expenditure plan, fifty-five percent is available for local transit service in the following four sub-strategies:

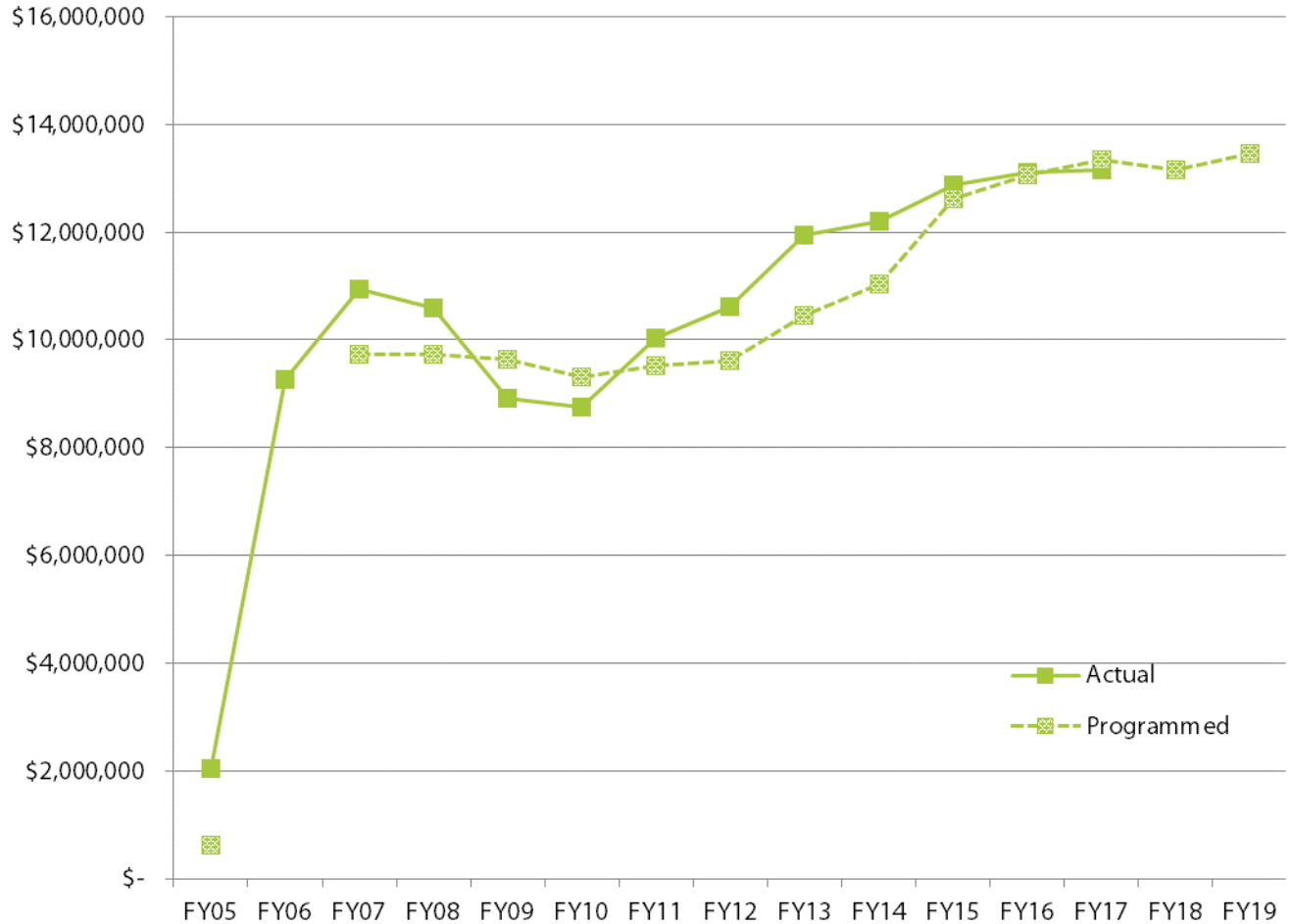
- Maintain and expand local bus transit service (37%);
- Maintain and expand rural bus transit system (3%);
- Maintain and expand transit services for those with special needs (9%); and
- Invest in bus transit facilities for clean and efficient transit system (6%).

Measure A provides approximately 40% of Marin Transit's operating revenues. Consequently, the decline in allocations beginning in FY 2007/08 significantly impacted District revenues and led the District to cut back service and expenses. As the economy recovered, Marin County sales tax receipts rebounded and actual receipts for FY 2012/13 were 13% higher than the prior year. The growth rate slowed to a 2% increase in FY 2013/14 and a 5% increase in FY 2015/16. Due to the sustained recovery, Marin Transit used funds to expand transit service in targeted areas. Transportation Authority of Marin (TAM) is projecting no growth in sales tax in FY 2017/18 and less than 1% growth in the current fiscal year (Figure 1). This is based on Marin County's limited population and job growth, and other sales tax based revenue sources such as State Transportation Development Act (TDA) funding are based on these factors. Bay Area-wide, retail sales have rebounded. Other factors influencing Bay Area sales tax revenues have not recovered due to the transition from manufacturing to a service-based economy.

TAM projects future year growth of 2.2% per year. These increases are slightly below expected inflation, and will slowly impact the District's ability to sustain service.

TAM programs Measure A funding to the District based on projections, and adjusts future year balances to account for actual receipts. Based on the programmed amounts, Marin Transit requests annual allocations of funds from TAM.

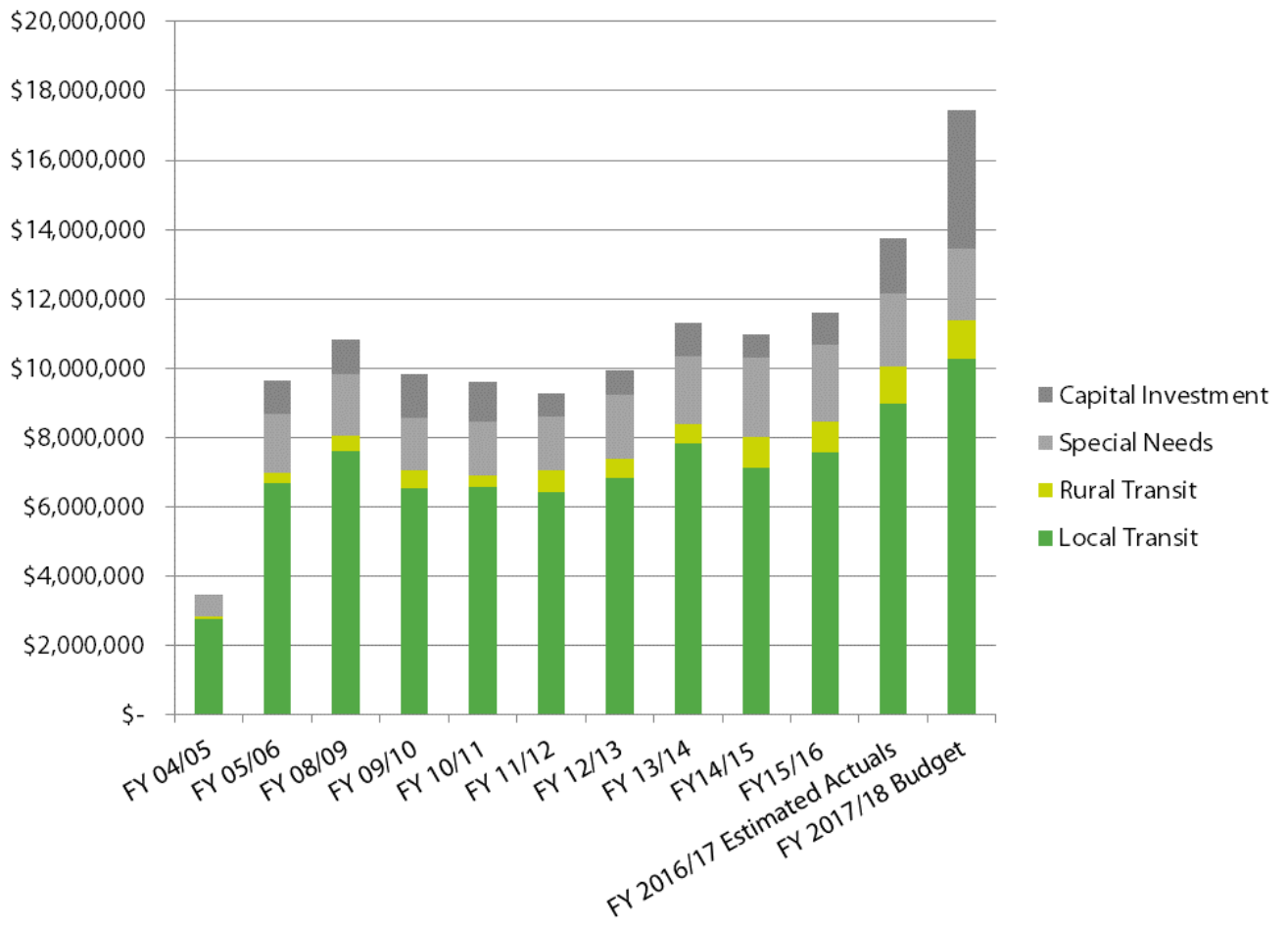
Figure 1: Measure A Transit Funds by Fiscal Year (Programmed/Projected vs Actual Receipts)



The District’s actual expenditure of Measure A revenue varies due to capital replacement cycles and the availability of other grant funds in a particular year (Figure 2). In a given year, any unclaimed Measure A revenue is available for TAM to allocate to Marin Transit in future years.

After finance staff incorporate Measure A allocations for the FY 2016/17 budget along with assumptions for FY 2015/16 actuals, the District will have \$6.9 million in Measure A reserves. This amount consists of \$5.0 million in local, \$260,000 in rural, and \$1.7 million in capital funds. TAM holds these reserves, and they are not included in Marin Transit’s Emergency or Contingency Reserve funds. Instead, Marin Transit programs these funds in the ten-year operation and capital financial forecasts in the adopted SRTP. Figure 2 shows the increase in local Measure A expenditures anticipated in the budget year (FY 2016/17) to pay for service increases. The rural reserve enabled the District to expand service on the Stagecoach, and is being spent down over a five-year period. All Capital funds are programmed in the SRTP as local matching funds for upcoming vehicle replacements.

Figure 2: Measure A Expenditures by Fiscal Year



Operations Budget

Marin Transit's FY 2017/18 operations budget provides for operation of the following services:

Regular Local and Trunk Line	115,700 revenue hours
Community Shuttles	43,500 revenue hours
Supplemental School and Partnership	7,100 revenue hours
Muir Woods Shuttle	4,950 revenue hours
Novato Dial-A-Ride	2,400 revenue hours
Yellow School Bus Service	6 buses
West Marin Stagecoach Service	16,500 revenue hours
Rural Dial-A-Ride Service	375 revenue hours
Local Paratransit Service	62,455 revenue hours
Regional Paratransit Service	10,560 revenue hours
Catch-A-Ride	28,000 trips
Volunteer Driver	14,000 trips

The operating expense budget of \$29,939,723 is a 2% increase over the FY 2016/17 budget (Table 2), and provides a similar level of service hours. While purchased transportation contract rates increase, the budget reduces the line item for fuel by \$450,000 consistent with current trends.

Table 2: Operations Budget (Admin, Local, Yellow Bus, Rural, & Marin Access)

	FY 2016 Actual	FY 2017 Budget Revised	FY 2017 Estimated Actuals	FY 2018 Final Budget	% Δ from FY 2017 Budget
Revenue					
Fare Revenue	3,967,387	4,026,199	4,042,839	4,276,928	6%
Advertising & Other Revenue	386,914	356,838	397,732	400,200	12%
Reimbursements (GGBHTD, WSW)	2,050,543	2,102,372	1,938,857	2,102,476	0%
Interest	14,044	8,910	50,166	55,000	517%
Measure A	10,668,263	12,873,329	11,654,471	13,342,614	4%
Measure A Interest	85,000	85,000	85,000	85,000	0%
Measure B	730,335	917,386	650,966	1,045,000	14%
Property Taxes	3,803,898	3,986,849	3,921,436	4,180,831	5%
Development Fees	52,032	33,959	55,297	52,032	53%
State Transit Assistance (STA)	1,316,134	1,666,660	1,638,384	1,274,981	-24%
Transit Development Act (TDA)	4,562,778	4,640,233	4,640,233	4,453,555	-4%
Other State	294,833	294,947	6,006	148,114	-50%
FTA Funds	900,033	1,435,140	1,052,432	1,366,509	-5%
National Park Service	150,865	176,690	81,806	91,540	-48%
Transfers to Capital Budget	(7,930)	0	(60,475)	0	NA
Total Revenue	28,975,129	32,604,512	30,155,150	32,874,780	1%
Expenses					
Salaries and Benefits	1,703,223	2,243,260	2,019,141	2,411,546	8%
Professional Service	268,485	520,014	183,755	523,363	1%
Professional Service- Legal	58,301	105,000	12,447	100,000	-5%
Security and Maintenance	268,880	242,570	272,044	286,326	18%
Customer Service	407,388	760,154	542,308	604,384	-20%
Indirect County Overhead	2,009	5,000	2,000	2,500	-50%
Mobility Management Support Programs	51,728	49,270	4,225	59,548	21%
Office Supplies	133,684	170,620	167,471	193,520	13%
General Insurance	29,580	25,036	22,324	29,000	16%
Contract Service Operation	20,409,907	22,410,118	21,424,175	23,306,597	4%
Membership & Prof Development	23,809	57,927	35,102	60,000	4%
Mileage and Travel	13,122	22,430	22,812	23,000	3%
Marketing	127,154	229,773	115,701	231,157	1%
Communication	125,007	149,940	171,987	178,400	19%
Fuel	1,619,443	2,574,660	1,806,972	2,126,218	-17%
Misc. Services	16,451	19,000	0	0	-100%
Vehicle and Vehicle Parking Leases	400	25,000	20,966	23,625	-6%
Office - Rental and Overhead	94,469	98,000	95,946	100,940	3%
Partner Agency Pass Through	85,000	85,000	85,000	85,000	0%
Transfers to Capital Budget	(304,331)	(357,002)	(480,305)	(405,401)	14%
Total Expenses	25,133,709	29,435,770	26,524,071	29,939,723	2%
Net Revenue Over Expenditures	3,841,420	3,168,742	3,631,079	2,935,057	

District Revenue

Marin Transit derives its revenues from multiple sources (Figure 3), with no single revenue source providing the majority of the District's operating funds. The primary revenue sources for Marin Transit operations are:

- Measure A sales tax operating funds;
- Transportation Development Act (TDA) funds;
- State Transit Assistance (STA) funds;
- Passenger fares; and
- Property taxes.

To develop revenue projections for the FY 2017/18 budget, staff referred to Metropolitan Transportation Commission (MTC) revenue projections for STA and TDA, TAM's Measure A allocations, and discussed estimates for property tax revenue with the County of Marin.

Marin County sales tax revenue has stabilized this year, and no growth is projected for sales tax-based revenues (TDA and Measure A). State Transit Assistance funds from the diesel sales tax have either experienced no growth or declined. New state legislation to increase the state gas tax could restore state transit funds back to historic levels. In the current year, unspent prior year funds are used to stabilize these funds. As Marin Transit updates the Short Range Transit Plan, the lack of revenue growth may impact future service levels.

Passenger fare revenue is budgeted based on current program receipts or estimated using a linear projection to account for service level increases or reductions.

The operating revenue budget of \$32,874,780 is within 1% of the budget for the prior year (Table 2).

Total budgeted revenue is similar to the prior year while state and federal revenue have decreased and local property tax, sales tax, and vehicle license fees have increased. Eight revenue categories have variances greater than \$100,000 between the FY 2017/18 budget and FY 2016/17 budget (Table 3). The TDA decrease is due to lower projected revenues. While STA allocations to Marin County have decreased, the lower budgeted number is primarily due a \$500,000 one-time increase in the prior year from a funding swap on behalf of TAM. This swap also accounts for most of the increase in budgeted Measure A funds.

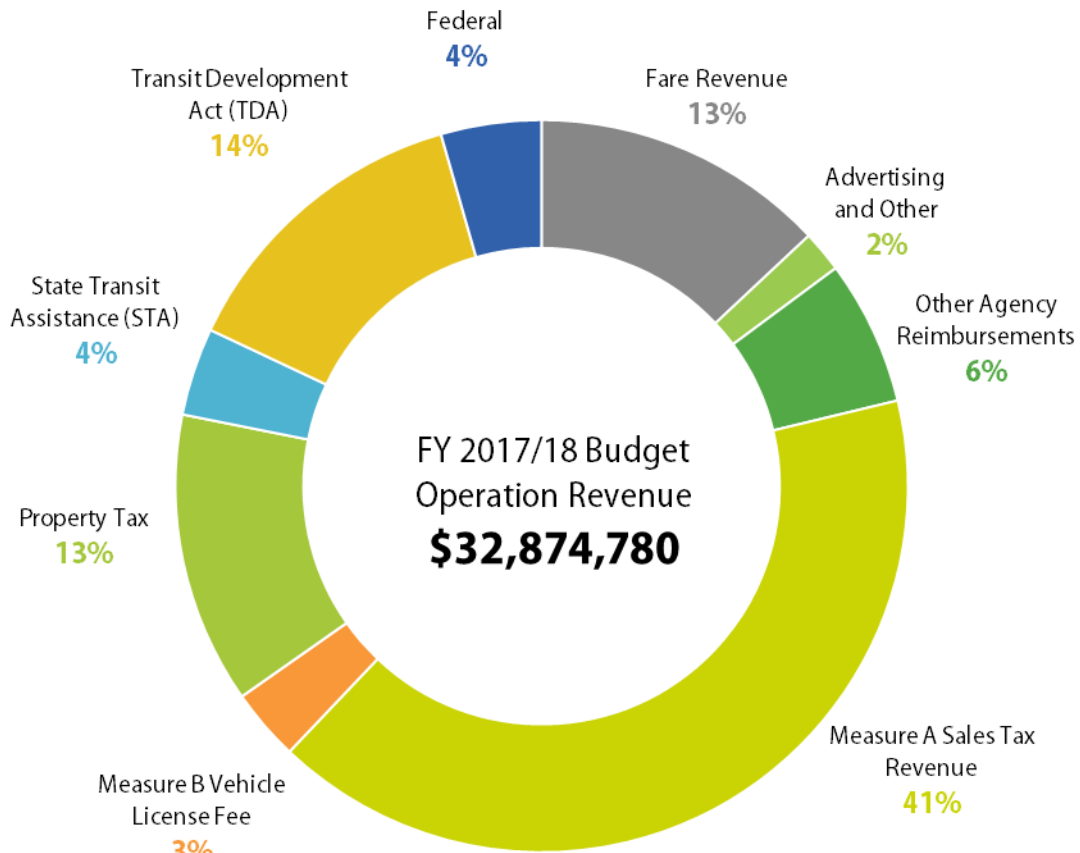
Unlike sales tax, property tax revenue indicators point to continued revenue growth. FY 2016/17 property tax receipts are expected to be 6.5% more than FY 2015/16 receipts and to exceed the budget projection of 6% growth. The budget anticipates another year of growth in property tax, and the FY 2017/18 property tax budget is 5% over the FY 2016/17 budget.

The "Other State Revenues" category includes an operations funding source for new service under the Cap and Trade, Low Carbon Transit Operations Program. The available funding for allocation under the LCTOP program declined by over 50% due to lower than expected state bond sales.

Table 3: Revenue Variances in Operations Budget

Revenue Category	FY 2017/18 Budget	Variance from Prior Year Budget		Notes
		Amount (\$)	%	
Fare Revenue	\$4,276,928	\$250,729	6%	Increase is due to fare increases related to yellow bus service
Measure A	\$13,342,614	\$469,285	4%	Budgeted expenditure of funds is higher due to decreases in other state and federal operations funds
Measure B	\$1,045,000	\$127,614	14%	Increased allocations to expand programs including the implementation same day service
Property Tax	\$4,180,831	\$193,982	5%	Continued strong growth of Marin County property tax
State Transit Assistance	\$1,274,981	(\$391,679)	-24%	Decrease due to prior year one-time pass through of STA revenue for TAM lifeline funds
Transportation Development Act	\$4,453,555	(\$186,678)	-4%	Decrease due to lower projected revenues
Other State	\$148,114	(\$146,833)	-50%	Second year of Cap and Trade funds in Low Carbon Transit Operations Program (LCTOP) reduced by more than half due to lower proceeds from state bond sales

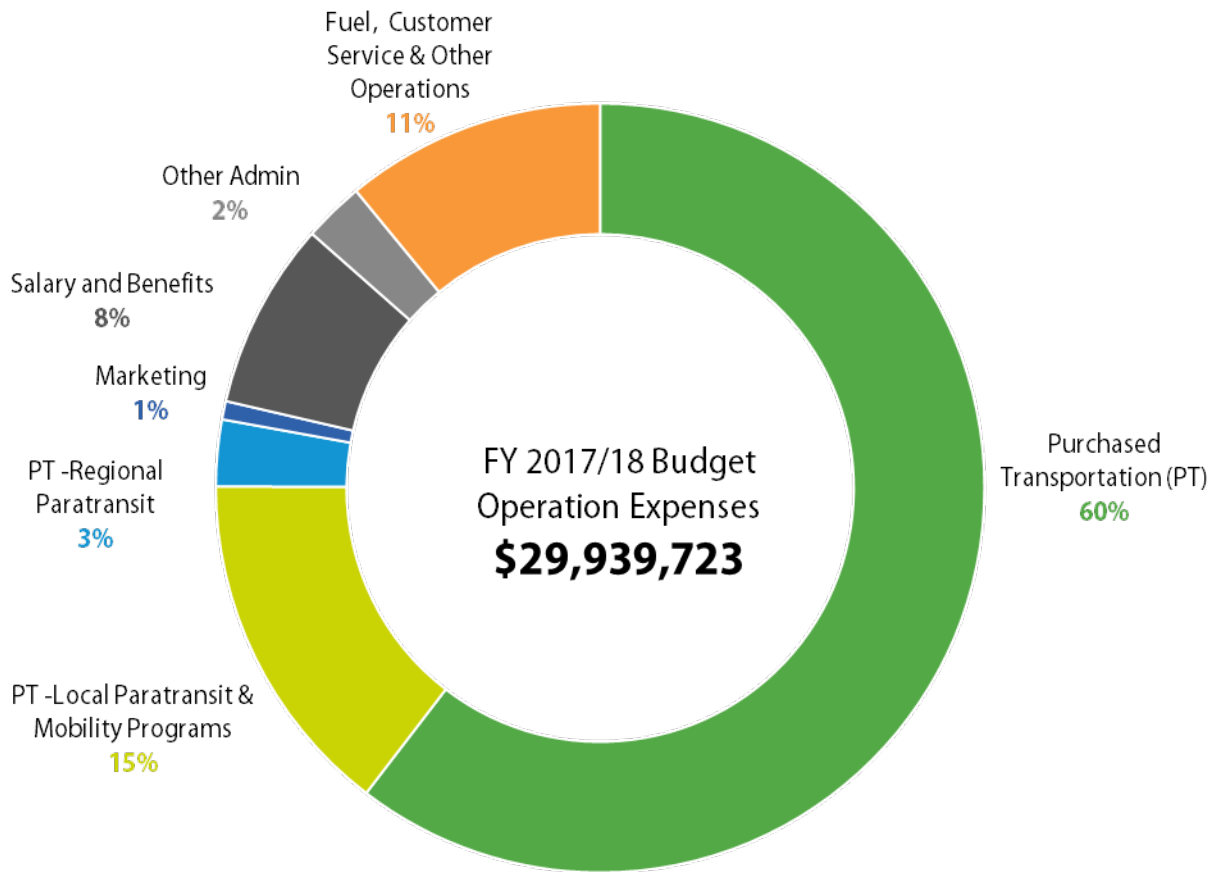
Figure 3: Revenue Sources for FY 2017/18 Budget



District Expenses

Marin Transit provides local transit service through purchased transportation contracts. Under this structure, the majority of district operations expenses (Figure 4) are for contract service operation (78%) and associated fuel and other operations expenses (12%). Contract service operations includes local paratransit, regional paratransit and fixed route purchased transportation. The following sections discuss information and trends on general agency costs including staffing, consulting, fuel, and marketing. More detailed operations and service costs are discussed in later sections that correspond to the District’s program areas: local service, yellow bus, rural service, and Marin Access.

Figure 4: Operations Expenses for FY 2017/18 Budget



Staffing

Marin Transit directly employs all District staff. Benefits for regular employees include medical benefits coordinated through the County of Marin and an employer-funded defined contribution retirement program.

The FY 2017/18 budget includes no changes to staffing levels (Table 4) with 15.6 regular full-time equivalent positions (Figure 5) and additional seasonal and temporary staff for Muir Woods Shuttle greeters, staff interns, and supplemental staff support. Based on the employment framework adopted by the Board in August 2013, top salary ranges for each classification will increase by the consumer price index (CPI). ¹ This does not affect individual

¹ Bay Area CPI February 2017 – 3.4%

salaries. Any potential salary increases for cost of living and merit are subject to the agency review process, and will be in accordance with Board-adopted employment policies.

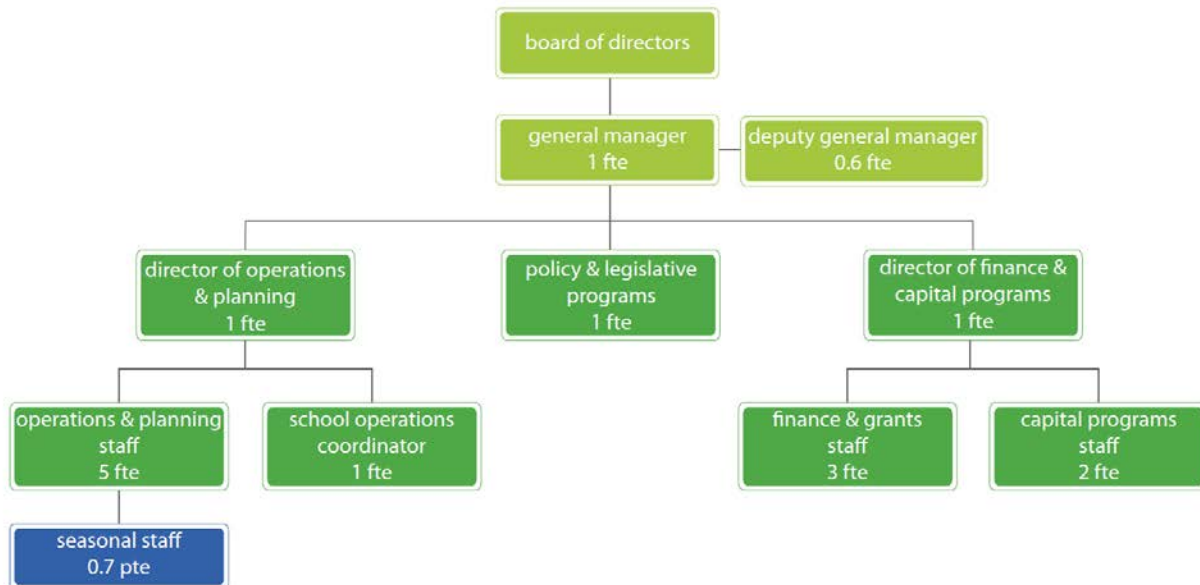
The salary and benefits budget increases 8% or \$168,286. This includes a 7% increase in medical premiums, an allowance for merit-based salary increases and promotions, and an increase in funding for temporary staff. The budget assumes these positions are filled quickly. If there is a need to delay filling the positions to locate the right candidates, Marin Transit will continue to underspend in this budget category.

Table 4: Personnel Counts

	FY 2015/16	FY 2016/17	FY 2017/18
Budget	13.4	15.6	15.6
Actual	12.5	13.5	

- Notes: 1) Stated in Full Time Equivalentents (FTE's)
 2) Does not include temporary seasonal workers

Figure 5: Marin Transit FY 2017/18 Organization Structure



Fuel

As of FY 2015/16, Marin Transit pays directly for fuel used in all purchased transportation contracts. This structure shifts the risks for fuel price fluctuations to the District. In exchange, the contractors provide lower contract rates as they do not need to hedge against potential fuel price increases.

The method for purchasing fuel varies between contracts depending on the volume of service, existing infrastructure, and location of service. GGBHTD maintains its own fuel contract and delivery system. Two contractors purchase fuel through the County of Marin, and a fourth contractor uses a combination of commercial pumps and onsite delivery. In general, the bulk contract purchases by the County of Marin and GGBHTD provide a lower cost per gallon and result in a delayed market effect. The County of Marin applies a 10% service charge that reduces effective cost-savings. As the District identifies future facility locations, the potential for fuel savings should be considered.

Fuel costs are projected in the FY 2017/18 budget by accounting for both increased consumption, primarily from paratransit, and projected price increases. Based on the March 2016 Short Term Energy Outlook, the cost of U.S. Diesel Fuel is projected to increase 5% next year. Marin Transit expects to place two electric vehicles into service in FY 2017/18.

Administration

The administration budget (Table 5) includes revenues and expenses shared by all program areas. While these items are budgeted and recorded under administration, expenses are allocated to the program budgets based on a program's resource usage (i.e. billed staff time). This enables Marin Transit to track the full cost of programs.

Expenses in the administration budget include: staff salaries and benefits, audit fees, insurance, travel costs, professional development expenses, office rental, and other associated costs. Marin Transit's current lease for administrative offices extends through November 2018.

Table 5: Administration Budget

	FY 2016 Actual	FY 2017 Budget - Revised	FY 2017 Estimated Actuals	FY 2018 Budget	% Δ from FY 2017 Budget
Revenue					
4070400 Interest	14,044	8,910	50,166	55,000	517%
4079950 Development Fees	15,634	13,582	19,297	15,634	15%
4079954 Residual ABX 126	36,398	20,377	36,000	36,398	79%
4080101 PropTax-CurrntSecured	3,351,726	3,563,269	3,563,269	3,759,249	6%
4080102 County Fee-Admin Basic Tax	(45,873)	(51,419)	(57,683)	(60,856)	18%
4080103 Property Tax-Unitary	32,057	31,878	31,878	32,057	1%
4080104 PropTax-CurrntUnSecur	67,380	66,581	67,380	67,380	1%
4080105 Educ Rev Augm Fund-Redist	296,376	279,500	300,850	280,915	1%
4080106 PropTax-Supp CY SECR	97,091	88,406	6,652	97,091	10%
4080107 PropTax-Supp Unsecured	1,099	1,149	1,149	1,000	-13%
4080108 PropTax-Redemption	1,547	2,516	5,166	1,500	-40%
4080109 Property Tax-Prior Unsecured	2,494	4,969	2,776	2,494	-50%
4090101 Other Local	8	-	500	-	-
4119940 Other State	283	208	320	300	44%
Subtotal Revenue	3,870,264	4,029,926	4,027,720	4,288,162	6%
4700001 Property Tax Transfer	(436,699)	(288,966)	(385,628)	(1,047,312)	262%
Net Revenue	3,433,565	3,740,960	3,642,092	3,240,850	-13%
Expense					
5010200 Salaries	1,249,620	1,550,178	1,500,979	1,769,932	14%
5020000 Benefits	445,457	681,082	512,192	641,614	-6%
5030301 Consultant Services	71,917	125,000	55,419	125,000	0%
5030304 Prof Svcs - Legal	29,546	105,000	12,447	100,000	-5%
5030305 Prof Svcs - Audit	22,404	30,900	30,740	31,827	3%
5049901 Office Supplies	7,558	8,487	12,313	13,000	53%
5049902 Small Furn/Equip	10,644	12,360	9,249	12,730	3%
5049903 Software Maintenance	51,280	59,483	42,462	61,267	3%
5049904 Copier Suppl & Srvc	8,889	8,240	8,449	9,500	15%
5049905 Postage	2,576	2,500	2,230	3,000	20%
5049906 Computers	10,285	9,000	13,407	15,000	67%
5050201 Communication - Phone	25,572	28,000	26,389	29,000	4%
5060301 Insurance - Gen Liability	29,580	25,036	22,324	29,000	16%
5090101 Memberships & Prof Dev.	23,809	57,927	35,102	60,000	4%
5090202 Mileage and Travel	13,122	22,430	22,812	23,000	3%
5090801 Marketing	5,009	12,000	5,634	12,360	3%
5100401 County Fee - Special District	2,009	5,000	2,000	2,500	-50%
5121200 Office Rental	94,469	98,000	95,946	100,940	3%
Subtotal Expense	2,103,746	2,840,623	2,410,094	3,039,670	7%
5100100 Salary/Benefit Transfers	(1,803,745)	(1,963,509)	(1,979,439)	(2,181,125)	11%
5100101 Transfer Overhead	(432,445)	(420,144)	(419,641)	(552,750)	32%
Net Expense	(132,444)	456,970	11,014	305,795	-33%

Local Service

The local service budget (Table 7) includes all revenues and expenses related to the provision of fixed route service and general purpose dial-a-ride, excluding rural service. Major programs in the local service budget include local fixed route, Community Shuttle service, supplemental school, Muir Woods seasonal shuttle, and Novato Dial-A-Ride. In the prior year, revenues and expenses for yellow bus service were included in the local service budget. Beginning with FY 2017/18, there is now a separate yellow bus budget (page 22). No significant changes are planned to local service levels (Table 6).

The local service budget for FY 2017/18 is \$20,333,974 (Table 7). This budget is a one and a half percent increase from the prior year budget, and provides for the same level of fixed route service. The District expanded service by 19% (Figure 6) on June 12, 2016, with a budgeted cost increase of 13%. The budget also includes operation of the seasonal Muir Woods Shuttle with limited weekday service. Marin Transit has been working with the National Park Service to implement a reservation system for the Muir Woods Shuttle. This system is expected to start in early 2018. Any significant changes to the Muir Woods program budget will be brought to the Marin Transit Board for approval.

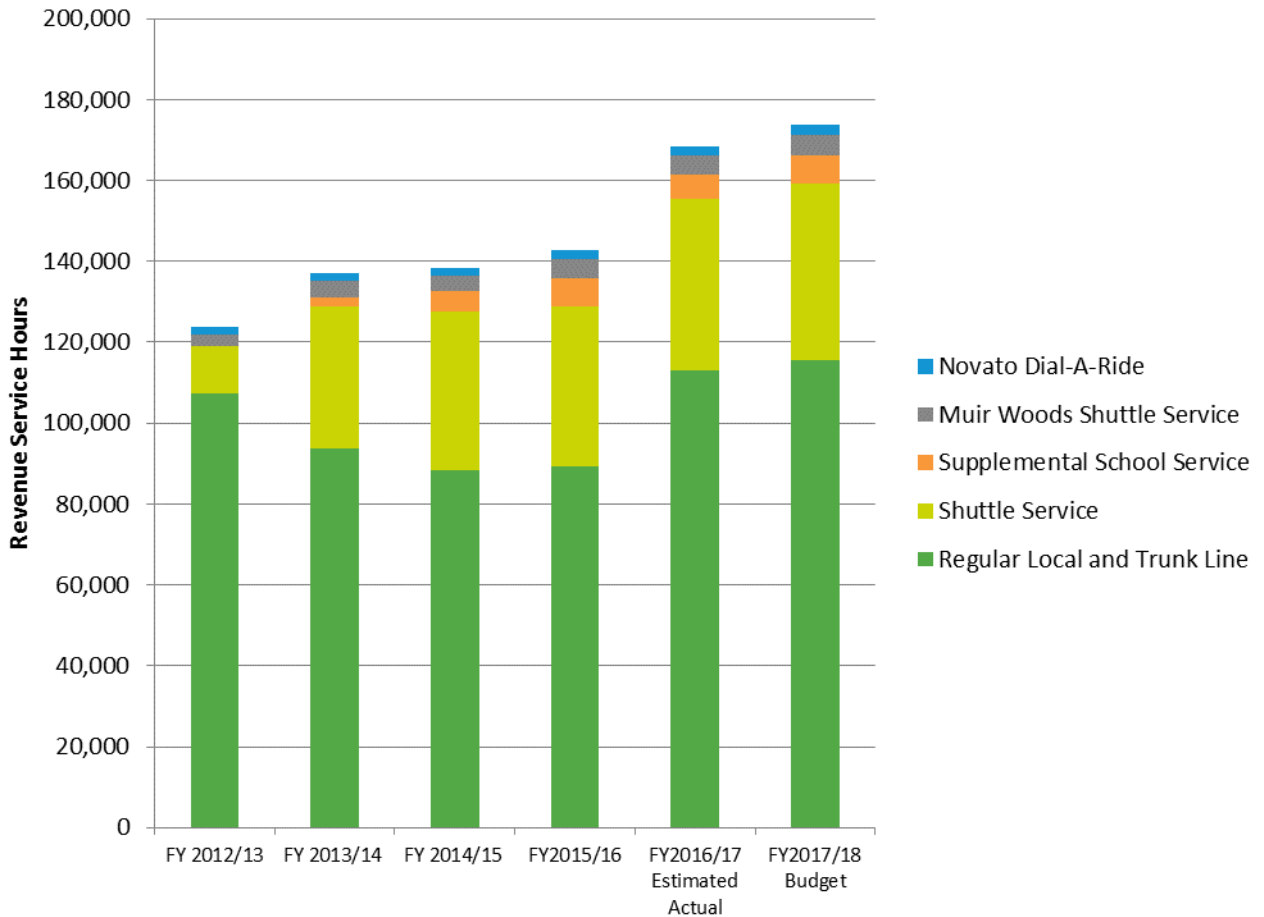
This budget includes the continuation of the College of Marin funded partnership service, Route 122. This route is funded with student fees that also pay for bus passes for College of Marin students.

Other major expenses in the local service budget include: consultant services for stop-level ride checks, service contract audits and reviews, communications, marketing, and staff time for contract oversight. This budget also includes costs and revenues for special projects such as the youth pass, Homeward Bound tickets, and supplemental school services.

Table 6: Local Budget Service Levels

Service Type	FY 2016/17 Estimated Actuals (Rev Hrs)	FY 2017/18 Budgeted Service (Rev Hrs)	Average Contract Cost Per Hour (without fuel)	Notes
Local Basic and Trunk Line	112,919	115,700	\$103.36	Service level similar to prior year; service provide by three contractors
Community Shuttles	42,400	43,500	\$72.39	Service level similar to prior year
Supplemental School and Partnership	6,000	7,100	\$93.45	Service level similar to prior year
Muir Woods Shuttle	4,866	4,950	\$64.77	Service level similar to prior year, including seasonal weekend, holiday and limited weekday service
Novato Dial-A-Ride	1,982	2,400	\$61.99	Budgeted service level reduced based on prior year actuals
Yellow School Bus Service				Moved to new program area (see page 22)

Figure 6: Local Revenue Service Hours by Program



Local service is funded with a combination of fare revenue, advertising revenue, Measure A local sales tax funds, State Transit Assistance (STA), and federal grants. Measure A sales tax funds budgeted for local service are \$10,079,224 and 50% of budgeted revenues. State operations funding from Transportation Development Act (TDA) and STA make up 28% of the local budget. Fare revenues are estimated to be 16% of the budget. Marin Transit provides two significant fare subsidy programs that reduce fare revenue. These are the youth pass program for free fixed route transit to low income youth and Homeward Bound that provides free fixed route transit to people participating in County programs. As part of the upcoming Short Range Transit Plan update, staff will present the Board of Directors with options for revising the District’s overall fare structure. The goal will be to provide equity among riders while recognizing that different services have different costs and provide varied levels of convenience to the passenger. A further goal of the fare structure revision is to more directly address discounted pricing for low-income riders.

In FY 2017/18, Marin Transit expects to expend the following state and federal grant awards for local service:

<u>Amount</u>	<u>Program</u>	<u>Source</u>
\$128,676	Local Service Expansion	Low Carbon Transit Operations Program (LCTOP)
\$222,210	Route 257 – Job Access	Lifeline Cycle 4 (carried forward from FY 2016/17)

Table 7: Local Service Budget

	FY 2016 Actual	FY 2017 Budget - Revised	FY 2017 Estimated Actuals	FY 2018 Budget	% Δ from FY 2017 Budget
Revenue					
4060301 Advertising Revenue	229,202	229,202	237,394	238,400	4%
4070301 Lease of Property	157,712	127,636	160,338	161,800	27%
4090101 Other Gov Agency Payments	25,165	0	1,635	0	-
4092001 Measure A Sales Tax	7,272,056	9,039,741	8,242,504	10,079,224	11%
4092003 Measure A Sales tax - Interest	85,000	85,000	85,000	85,000	0%
4110101 State Transit Assistance	1,253,362	1,083,659	1,083,659	1,214,815	12%
4110102 Transit Development Act (TDA)	4,562,778	4,640,233	4,640,233	4,453,555	-4%
4110103 State Transit Assistance - Lifeline	0	528,650	502,218	0	-100%
4119904 State - LCTOP	275,413	275,413	0	128,676	-53%
4139910 Fed-FTA 5307- JARC	0	222,210	0	222,210	0%
4139912 Fed-FTA 5307 STP	0	123,080	123,080	0	-100%
4139951 National Park Service	121,412	176,690	81,806	91,540	-48%
4139961 Fed-FTA 5304 State Planning	17,875	0	0	0	NA
4140100 Fare Revenue	3,095,599	3,309,873	3,137,373	3,308,755	0%
Subtotal Revenue	17,095,574	19,841,387	18,295,240	19,983,975	1%
4700001 Property Tax Transfer	0	0	247,610	250,000	-
4700002 Program Revenue Transfer	84,073	100,000	77,900	100,000	0%
Total Revenue	17,179,647	19,941,387	18,620,750	20,333,975	2%
Expense					
5010200 Salaries and Benefits	8,146	12,000	5,970	0	-100%
5030301 Consultant Services	87,704	193,000	27,236	200,000	4%
5030310 Fare Processing Charges	27,063	30,000	37,602	37,922	26%
5030320 Customer Service	274,305	310,154	270,842	284,384	-8%
5030602 Custodial Service	14,923	17,000	13,907	14,602	-14%
5030701 Security Services	253,957	225,570	257,356	270,224	20%
5040101 Fuel	999,401	1,733,163	1,223,439	1,406,954	-19%
5049904 Software	0	25,000	24,000	22,000	-12%
5050205 Communication-AVL	52,128	66,341	84,742	78,094	18%
5050206 Communication-Data	2,285	5,000	2,652	2,731	-45%
5080101 Purchased Transportation	13,734,693	15,792,912	15,339,188	16,371,183	4%
5090801 Marketing	77,572	95,481	61,989	90,500	-5%
5100404 Expense Transfer - GGT Wave	85,000	85,000	85,000	85,000	0%
5122010 Signs	14,397	19,000	0	0	-100%
Subtotal Expense	15,631,574	18,609,621	17,433,923	18,863,594	1%
5100100 Salary/Benefit Transfers	1,026,506	1,190,005	985,519	1,165,498	-2%
5100101 Overhead Transfer	246,156	238,001	208,930	304,881	28%
Total Expense	16,904,236	20,037,627	18,628,372	20,333,974	1.5%

Yellow Bus Service

In FY 2017/18, Marin Transit will continue to manage operations, service contracts, and pass sales for six yellow buses serving Ross Valley schools. Marin Transit will also continue to provide operations oversight for the Reed Union and Mill Valley School Districts, which pay Marin Transit directly for services and staff time to help manage their yellow bus services.

Revenues and expenses associated with yellow bus service are recorded in a separate fund in the District's accounting system. In prior years, the budget for yellow bus service was included within the local service budget. In the FY 2017/18 budget, yellow bus revenues and expenses are in a separate program budget (Table 9) to provide additional detail. An ongoing ad hoc school transportation committee of the Marin Transit Board has been meeting to discuss yellow bus service needs and Marin Transit's role in providing yellow bus service. Guidance from this task force will be incorporated in the upcoming Short Range Transit Plan update, and will influence Marin Transit's future role regarding yellow bus service.

Table 8: Yellow School FY 2017/18 Budgeted Program

	Mill Valley School District	Reed Union School District	Ross Valley School District
Program Structure			
Does Marin Transit directly contract with a yellow bus operator?	No	No	Yes
Contract Type	Marin Transit provides Operational Support.	Marin Transit provides Operational Support	Marin Transit owns contract with service provider. Marin Transit responsible for all aspects of program management.
Service Provider	Michael's Transportation	First Student	Michael's Transportation
Pass Sales and Pricing			
Cost of Pass (Annual AM + PM)	TBD	\$590.00	\$840.00 ¹
Total Sales (one-way passes)	260	1,470	991 ²
Operations			
Number of Buses	2	7	6
Number of Schools Served	3	4	2
Number of Trips Daily (Routes)	6	26	17
Ride along days	3	1	1
Meetings	2	7	3
Average Daily Riders	136	1,030	747

Note:

- (1) The budget for the RVSD program is based on the above pass price and estimated pass sales. Marin Transit is working to reduce this pass price either by selling more passes or raising additional financial/in-kind contributions.
- (2) The total estimated pass sales for the RVSD program includes 70 one way passes sold at a reduced rate for income qualified families.

Table 9: Yellow School Bus Service Budget

	FY 2016 Actual ¹	FY 2017 Budget- Revised ¹	FY 2017 Estimated Actuals ¹	FY 2018 Budget	% Δ from FY 2017 Budget
Revenue					
4090101 Fee For Service	4,931	70,280	150,190	119,200	41%
4092001 Measure A Sales Tax	303,710	175,000	227,667	175,042	0%
4030000 Yellow Bus Fares - Paid By Ano	130,000	178,395	145,000	145,000	-23%
4140105 Fare Revenue - Yellow Bus	280,880	280,000	324,533	407,400	31%
Subtotal Revenue	719,521	703,675	847,390	846,642	17%
Expense					
5030301 Consultant Services	2,043	NA	0	0	-
5030304 Prof Svcs - Legal	0	NA	0	0	-
5030310 Fare Processing Charges	7,946	NA	11,668	12,222	-
5030602 Custodial Service	0	NA	781	1,500	-
5050205 Communication-AVL	0	NA	5,260	12,000	-
5050206 Communication-Data	38	NA	8,776	9,000	-
5080103 Yellow Bus School Service	587,129	607,435	586,000	624,456	3%
5090801 Marketing	1,568	NA	3,891	2,000	-
5120401 Leases and Rentals - Passenge	400	NA	20,966	23,625	-
5122010 Signs	2,054	NA	0	0	-
Subtotal Expense	601,178	607,435	637,342	684,803	-
5100100 Salary/Benefit Transfers	95,454	NA	173,307	131,744	-
5100101 Transfer Overhead	22,890	NA	36,741	30,095	-
Total Expenses	719,522	NA	847,390	846,642	-

Notes:

1) These columns were previously represented in the Local program area.

Rural Service

Rural service is operated as the West Marin Stagecoach, and includes northern Route 68, southern Route 61, and the rural Dial-A-Ride program. No changes are planned to the rural service levels (Table 10). The rural service budget (Table 11) includes contract service operations, marketing, fuel, communications, and Marin Transit staff expenses.

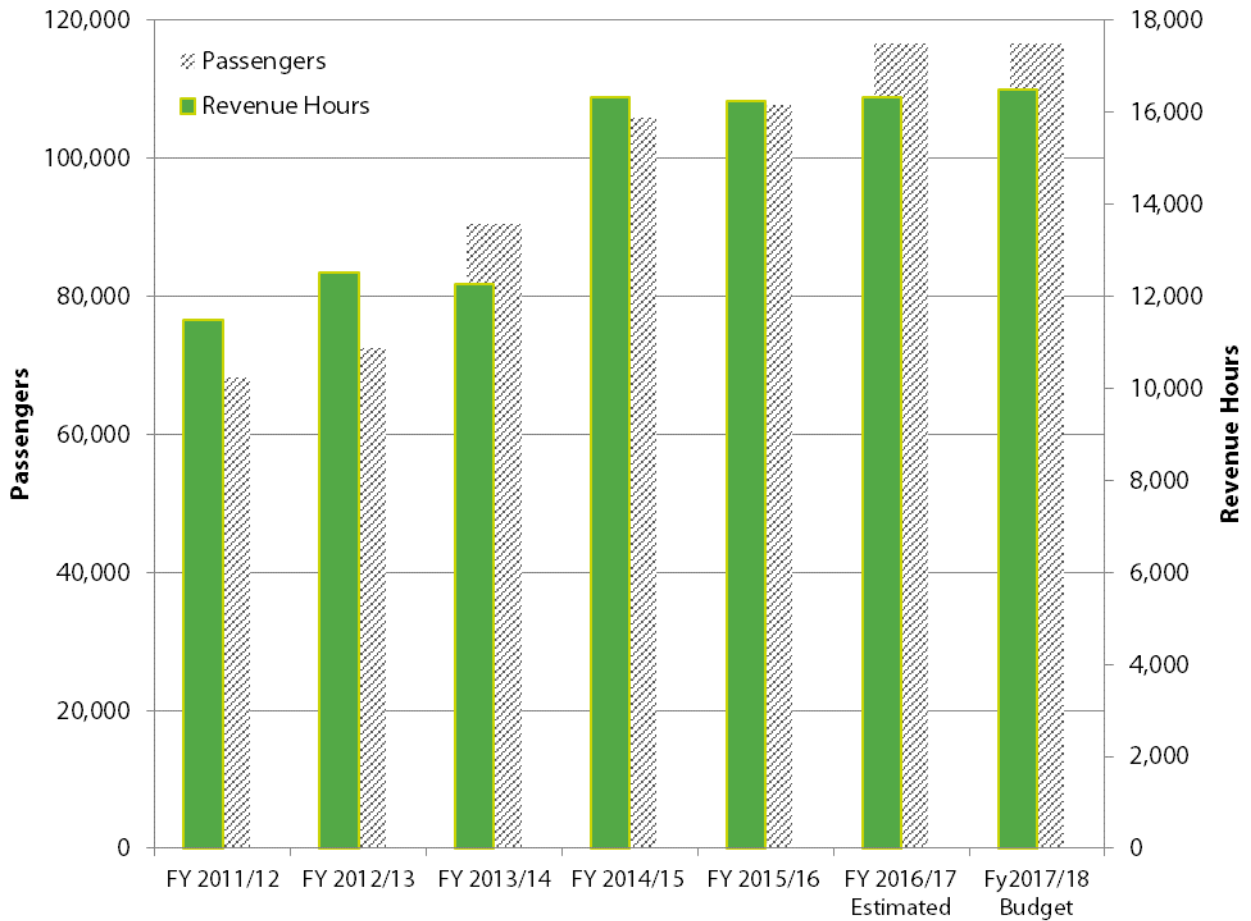
Table 10: Rural Budget Service Levels

Service Type	Service Level (Revenue Hours)	Contract Cost Per Hour (without fuel)	Notes
West Marin Stagecoach	16,500	\$64.77	Service level similar to prior year.
Rural Dial-A-Ride	375	\$58.68	Service level similar to prior year.

The West Marin Stagecoach Routes 68 and 61 are operated under contract with MV Transportation. The current contract extends through June 30, 2018. The rural Dial-A-Ride service is operated by the paratransit contractor. The Dial-A-Ride service includes one round trip a week from Tomales and Dillon Beach to Petaluma and one round trip a month from Point Reyes to Novato.

The FY 2017/18 rural budget will fund the same level of service as the prior year, and includes 16,500 fixed route revenue hours. The District redesigned the pilot Stagecoach Route 65 as a general public Dial-A-Ride service to help the route meet performance targets. The solid green bar in Figure 7 shows the District's increase in rural revenue hours in prior years and the corresponding ridership growth.

Figure 7: Rural Service Level and Ridership Trends



Rural service is funded with a combination of local sales tax funds and Federal Transit Administration (FTA) Section 5311 rural funding. Marin Transit receives an annual allocation of 3% of Measure A sales tax funds (\$715,523 for FY 2017/18) for rural service. In addition to the current year allocation, the rural service budget (Table 11) includes the expenditure of \$411,453 of unspent prior year rural Measure A funding. The District is estimated to have a reserve of \$280,000 in prior year rural Measure A funds at the end of FY 2017/18, held by TAM, down from \$1.2 million in FY 2014/15. These prior year funds are the result of (1) a reduced rate for contracted services effective in January 2012, (2) fluctuating FTA funds for rural operations, and (3) recent increases in Measure A sales tax receipts. The 2014 service expansion has enabled the District to expend the reserve funds over a five-year time frame, and this will be the fourth year of expanded service and corresponding increases in expenditures. The District will evaluate the service levels in the current Short Range Transit Plan process and make future service level adjustments based on performance and future funding forecasts. The previous Short Range Transit Plan assumed continuation of current service levels with additional property tax funding allocated to the program.

Caltrans and MTC have historically programmed FTA Section 5311 funding based on rural populations and service hours. Prior programming changes at the regional level had created more predictability in funding. However, recent contracting and programming delays at the federal and state level have slowed the process of allocating and

receiving funds. The budget bases FTA 5311 funding on historic levels, but this funding is not secure. Marin Transit has experienced an overall decline in FTA 5311 funding over several years.

Table 11: Rural Service Budget

		FY 2016 Actual	FY 2017 Budget- Revised	FY 2017 Estimated Actuals	FY 2018 Budget	% Δ from FY 2017 Budget
Revenue						
4092001	Measure A Sales Tax	888,950	1,094,151	1,086,610	1,133,976	4%
4139920	Fed-FTA 5311 Rural	201,366	210,793	188,652	193,063	-9%
4139951	National Park Service	29,453	0	0	0	NA
4140100	Fare Revenue	135,574	137,604	123,264	123,264	-12%
Subtotal Revenue		1,255,343	1,442,548	1,398,526	1,450,303	1%
4700001	Property Tax Transfer	0	0	18,752	25,457	100%
Total Revenue		1,255,343	1,442,548	1,417,278	1,475,760	2%
Expense						
5030301	Consultant Services	5,463	15,914	390	16,391	3%
5030310	Fare Processing Charges	1,095	1,200	0	0	-100%
5040101	Fuel	181,657	211,871	176,223	185,034	-13%
5050205	Communication-AVL	13,898	16,000	12,106	14,027	-12%
5050206	Communication-Data	762	1,000	831	1,000	0%
5080101	Purchased Transportation - In Report	900,476	1,035,609	1,116,134	1,090,787	5%
5080102	Purchased Transportation –Not in Report ¹	29,453	0	0	0	NA
5090801	Marketing	21,690	30,000	15,801	31,236	4%
Subtotal Expense		1,154,494	1,311,594	1,321,485	1,338,475	2%
5100100	Salary/Benefit Transfers	81,344	104,125	88,452	107,973	4%
5100101	Transfer Overhead	19,506	26,828	18,752	29,312	9%
Total Expenses		1,255,344	1,442,547	1,428,689	1,475,760	2%

Notes:

- 1) Fort Baker service operated for National Park Service

Marin Access (Paratransit and Mobility Management)

The Marin Access budget (Table 13) includes Marin Access paratransit services for both local and regional trips (intra- and inter-county) and associated costs for fuel, communications, and marketing. The Marin Access budget also includes Marin Transit's Mobility Management Office and Mobility Management Center. These services include the Catch-A-Ride subsidized taxi program, volunteer drivers, travel navigators, and travel training. The purpose of the Mobility Management Office is to increase mobility for the County's senior, disabled, and low-income residents and to help manage the increasing demand for paratransit services.

The FY 2017/18 budget for Marin Access (Table 13) is \$7 million, which funds the service and programs shown in Table 12. The budget provides for service levels at FY 2015/16 budget levels, which are 15% above current year estimated actuals. While providing for increased service, the budgeted expenses are 6% less the FY 2014/15. This is due to the 24% reduction in contract rates that took effect January 1, 2016.

Demand for legally mandated paratransit trips has declined in the past two years (Figure 8). Within available resources, Marin Transit will endeavor to increase mobility to Marin Access populations by increasing the number of non-mandated paratransit trips provided. This may include a new program to provide same-day paratransit trips and additional service to areas outside the ADA-mandated geographic service area.

Paratransit

The local component of Marin Access paratransit service provides demand-response trips to passengers certified as unable to use the fixed route system either all or some of the time. This includes trips mandated under the Americans with Disabilities Act (ADA) federal law as well as trips that go beyond the ADA requirements. While demand for paratransit in Marin County has historically grown year-over-year as Marin County ages, the current fiscal year is the second year of ridership declines and corresponding declines in revenue service hours. Service is currently at FY 2012/13 levels (Figure 8). Regional paratransit is experiencing a similar decline in requests for mandated trips in FY 2016/17. While staff continue to evaluate and monitor paratransit trends, ridership may have declined due to many of the same external factors as fixed route transit. This decline may be due to rainy weather and the availability of new or expanded services that also fill the needs of paratransit riders. These services include:

- Non-Emergency Medical Transportation services arranged by managed care organizations;
- Private transportation providers hired under contract to institutions typically served by paratransit, such as adult day care centers;
- Trips taken on Uber or Lyft; and
- Volunteer transportation services that Marin Transit may support that carries riders that are not reported in the District's performance statistics.

The FY 2017/18 paratransit service levels are budgeted at the same level as the FY 2016/17 budget (Table 12). This is significantly higher than the current operations (>10%). However, the budget allows for a return to prior demand levels. This also enables Marin Access to serve more non-mandated trips requested in areas adjacent to the current service area.

The budget includes the additional of grant funded hours for the operations of new accessible vans. The purchase of these vans is also federally funded and the procurement will be completed in the first half of FY 2017/18. The budget also includes other related program costs such as scheduling software, operation of on-vehicle equipment, and fuel. A Marin Access consulting budget is available for information technology costs related to hosting software and for a potential maintenance review.

The paratransit program purchases fuel directly from the County of Marin. The FY 2017/18 fuel budget provides for the increase in hours and a 5% increase in price.

GGBHTD determines regional paratransit service levels.

Table 12: Marin Access Budget Service and Program Levels

Service Type	Service Level (Revenue Hours)	Contract Cost Per Hour (without fuel)	Notes
Local Paratransit	62,455	\$58.70 ¹	At FY 2016/17 budget level and 15% above FY 2016/17 Estimated Actual
Same Day Accessible	3,754	\$58.70	Funded by 5310 grant and dependent on delivery of new accessible vans
Regional Paratransit	10,560	\$78.13 ²	At FY 2016/17 budget level and 3% above FY 2016/17 Estimated Actual

Service/Program	Service Level (Projected Ridership)	Funding Level	Notes
Catch A Ride/Same Day Service	28,000	\$500,000	Increased budget funded with Measure B
Volunteer Driver	14,000	\$170,000	Program at similar service level with additional funds to provide program support and develop community-based volunteer driver programs
Gap Grants	NA	\$50,000	Planned expenditure of funds from a call for projects in Spring 2017
Low Income Scholarships	NA	\$30,000	Provides free paratransit fares for low-income riders. Scholarships are funded with Measure B. Funding level is based on current expenditure level.

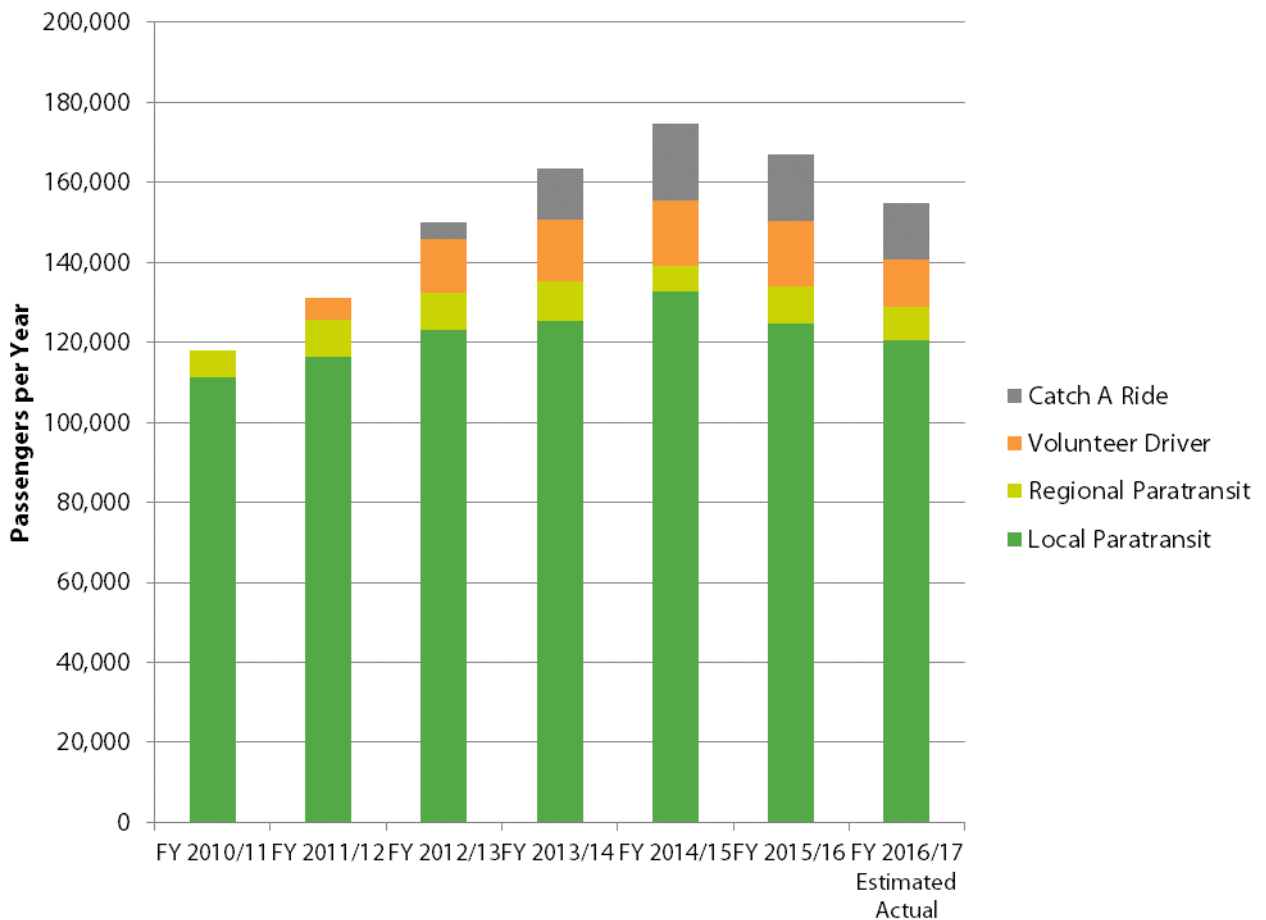
Notes:

- 1) This is the effective rate at the projected service level. Actual costs are billed as a fixed monthly administrative cost with a \$36.14 hourly rate.
- 2) This is the effective rate at the projected service level. Actual costs are billed as a fixed monthly administrative cost with a \$42.29 hourly rate.

Mobility Management

Marin Transit established the Mobility Management Office in 2009, with initial funding from a Federal New Freedom Grant. In October 2010, Marin Transit established the Marin Access Mobility Management Center (Travel Navigator program), as a one-stop-shop for information and eligibility on all Marin Access programs. The Mobility Management Center serve as an umbrella for paratransit, volunteer driver, a subsidized taxi program (Catch-A-Ride), and travel training. Travel training activities include: local informational presentations, individualized travel training, and a weekly training bus for the developmentally disabled. There are currently three full-time Travel Navigators and one full-time Travel Navigator Supervisor. Marin Transit received a Federal Section 5310 discretionary grant for three years of funding to continue to enhance the mobility management program and provide additional resources for the development of the Travel Navigator Supervisor.

Figure 8: Marin Access Passengers by Program



As with paratransit, staff projects that the Catch-A-Ride and volunteer driver programs will have slight declines in ridership for FY 2016/17. Catch-A-Ride’s ridership decline is largely due to a change in the taxi market that has drastically reduced the availability of taxis in Marin County.

Mobility Management initiatives in the FY 2017/18 budget include:

- Piloting an accessible same-day transportation service as either a new program or as part of a current program under the Marin Access umbrella (funded by Federal section 5310 grant);
- Establishing a Volunteer Driver Resource Center that operates under the Marin Access umbrella and provides support and training to local community-based volunteer driver programs;
- Awarding gap grants and providing technical assistance to innovative projects exploring new ways of improving mobility for seniors and disabilities;
- Expanding travel training and public outreach; and
- Improving coordination between human service agencies and transportation providers.

Proposed new Mobility Management programs will be considered for approval by the Marin Transit Board.

Marin Transit provides free fixed route tickets valued at \$100,000 to Marin County’s Homeward Bound program for participating residents. The cost of this program is represented as a revenue transfer from the Marin Access program to the local program.

Marin Access Revenue

Local paratransit is primarily funded by local sources including Measure A and property tax.

GGBHTD pays for all costs related to regional paratransit along with their share of mandated local paratransit based on their share of transit in Marin County. Accordingly, GGBHTD payment for paratransit has decreased due to the contract cost savings and the decrease in mandated trip requests. As of FY 2015/16, GGBHTD directly reports the ridership, fares, and costs associated with their share of paratransit to the National Transit Database (NTD) and the State Controller’s Office.

Under the 2015 GGBHTD contract with Marin Transit, Marin Transit’s share of Federal Transit Administration Section 5307 for Marin County paratransit operations increased from 50% to 80%. This source accounts for 10% of Marin Access revenue.

Marin Access receives 9% of Measure A sales tax revenue. As of FY 2011/12, Marin Transit receives 35% of the Measure B vehicle license fee to support the mobility management initiatives. Marin Transit is budgeting \$1,045,000 of Measure B funding in FY 2017/18, which includes \$263,625 in unspent prior year allocations.

Fare revenue makes up approximately 4% of the Marin Access budget. Based on the final SRTP recommendations, Marin Transit may consider restructuring paratransit fares and other mobility management program fees in FY 2017/18.

Marin Transit expects to expend the following grant awards in FY 2017/18:

<u>FY2017/18 Expenditure</u>	<u>Total Grant Award</u>	<u>Program</u>	<u>Source</u>
\$150,000	\$700,000	Operation of Accessible Vans	Federal Section 5310
\$100,000	\$300,000	Mobility Management	Federal Section 5310

Table 13: Marin Access Budget

	FY 2016 Actual	FY 2017 Budget - Revised	FY 2017 Estimated Actuals	FY 2018 Budget	% Δ from FY 2017 Budget
Revenue					
4092001 Measure A Sales Tax	2,203,546	2,564,437	2,078,658	1,954,372	-24%
4099950 Measure B	730,335	917,386	650,966	1,045,000	14%
4110101 State Transit Assistance	62,772	54,351	52,507	60,166	11%
4119910 State Prop Tx Relief HOPTR	19,138	19,326	5,686	19,138	-1%
4139910 Fed-FTA 5307 Urbanized Area Formula	461,944	625,164	627,012	701,236	12%
4139915 Fed-FTA 5310 Mobility	137,113	186,270	98,314	250,000	34%
4139941 Fed-FTA 5317 New Freedom	81,735	67,623	15,374	0	-100%
4140100 Fare Revenue	325,334	338,722	332,509	332,509	-2%
4140110 Low Income Rider Scholarships		-40,000	-19,840	-40,000	0%
4601001 Misc.-Reimbursement	20,901	30,318	10,825	0	-100%
4601003 GGBHTD – Local Paratransit Payment	1,055,428	966,024	1,028,159	1,114,848	15%
4601004 GGBHTD – Regional Paratransit Payment	944,111	857,355	747,548	868,428	1%
Subtotal Revenue	6,042,357	6,586,976	5,627,718	6,305,697	-4%
4700001 Property Tax Transfer	428,769	288,966	58,791	771,855	167%
4700002 Program Revenue Transfer	(84,073)	(100,000)	(77,900)	(100,000)	0%
Total Revenue	6,387,053	6,775,942	5,608,609	6,977,552	3%
Expense					
5030301 Consultant Services	71,605	124,000	20,701	100,000	-19%
5030320 Customer Service	133,083	450,000	271,466	320,000	-29%
5040101 Fuel	438,385	629,626	407,311	534,230	-15%
5049903 Software	42,452	45,550	55,361	57,022	25%
5050203 Communication- Mobile Data Terminal	4,257	4,500	4,607	4,750	6%
5050204 Communication-MERA Radio	18,057	20,499	18,824	19,765	-4%
5050206 Communication-Data	8,010	8,600	7,800	8,034	-7%
5080101 Purchased Transportation - In Report	4,224,934	4,185,387	3,643,621	4,384,838	5%
5080102 Purchased Transportation - Regional	933,222	813,775	739,232	835,334	3%
5090801 Marketing	21,316	92,292	28,386	95,061	3%
5098001 Misc-Exp Transit User Training	5,000	9,270	4,225	9,548	3%
5098002 Gap Grant	28,931	40,000	0	50,000	25%
5098003 Low Income Rider Scholarships	17,796	0	0	0	NA
Subtotal	5,947,048	6,423,499	5,201,534	6,418,582	0%
5100100 Salary/Benefit Transfers	354,899	371,877	335,871	454,283	22%
5100101 Transfer Overhead	85,105	95,815	71,205	104,687	9%
Total Expense	6,387,052	6,891,191	5,608,610	6,977,552	1%

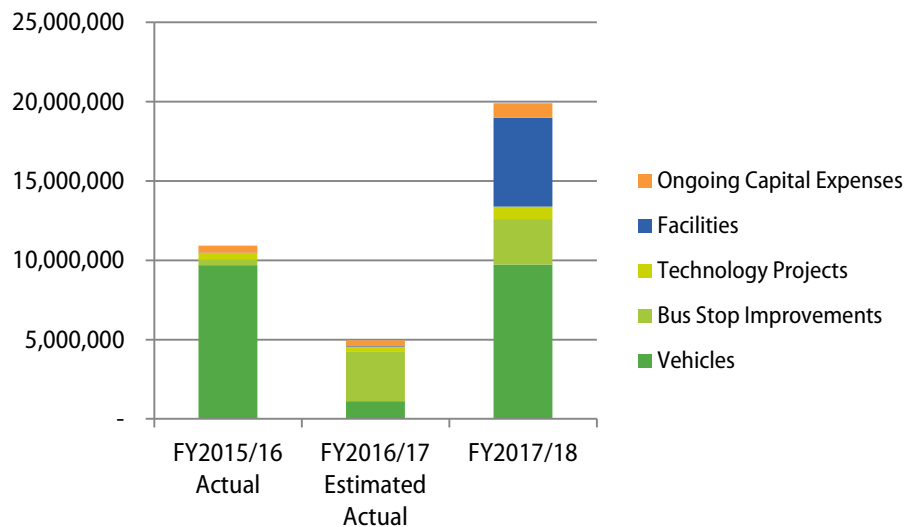
Notes:

Capital Budget

Marin Transit’s capital budget (Table 14) of \$19.8 million provides funding for transit vehicles, bus stop and transit hub improvements, transit technology projects, and other capital expenses. Capital expenditures are defined in the District’s fixed asset management policy. A “Fixed Asset” includes equipment, supplies and rolling stock with a unit purchase value of at least \$5,000 and a service life of more than one year. All projects that meet the requirements of the District’s fixed asset policy are capitalized and depreciated over the defined life of the associated asset type. Expenditures not meeting the District’s policy for capitalization will be included as operations expenses on financial statements.

Figure 9 provides capital expenditures and budget by project type to show the significant variation in expenditures by year. In the FY 2017/18 budget, 86% of capital projects are funded by state and federal grants.

Figure 9: Capital Project Budget by Type



The following capital projects will be active for FY 2017/18:

Vehicles

Purchase Two 35ft Electric Vehicles (Replacements) – Marin Transit is purchasing two all-electric BYD 35ft vehicles in partnership with Marin Clean Energy, the Transportation Authority of Marin and GGBHTD. These vehicles will replace two-40ft diesel vehicles previously operated by GGBHTD. The Marin Transit Board authorized the purchase of these vehicles in November 2016, and the vehicles are expected to be delivered in late 2017. The vehicles will be built in Lancaster, California, and will be operated and maintained by Golden Gate Transit. Marin Transit and our partners will use this pilot electric bus project to gain experience and expertise related to electric vehicle operations. This will inform any potential expansion of all-electric vehicles to the rest of the fleet.

The vehicles have a range of 145 miles per charge, and will be charged overnight at the GGBHTD's yard to minimize electrical costs. The expenditure of \$1,662,022 is funded 72% with Federal 5307 funds and 22% with a combination of Bay Area Air Quality funds, Measure A, and Measure B.

Purchase Ten - 40ft Hybrid Vehicles (Replacements) – Marin Transit will purchase ten 40ft diesel hybrid electric vehicles. These vehicles will replace ten 40ft diesel vehicles that are beyond their useful life and were previously operated by GGBHTD. The Marin Transit Board authorized the purchase in March 2016, and the expected vehicle delivery is early 2018. The vehicles will be operated and maintained by GGBHTD. The total project cost is \$7,710,000, funded 82% with Federal Section 5307 grant funds and 18% with local Measure A sales tax. The majority of these funds will be spent in FY 2017/18 upon vehicle delivery.

Purchase Three Paratransit Vehicles (Replacements) – Marin Transit will purchase three 24ft paratransit vehicles. They will replace contractor-owned vehicles that are no longer available for service.

Purchase Two Accessible Vans (Replacements) – Marin Transit will purchase two accessible vans. These vehicles will replace paratransit cutaways operated by Whistlestop that are currently beyond their useful life. The vans will be used as an option for same day accessible service in the Marin Access programs.

Purchase a Non-Revenue Van – Marin Transit will purchase one non-revenue van to be used by Marin Transit staff. This vehicle will be used by staff to support service monitoring, bus stop maintenance, marketing, capital projects, and transporting staff.

Bus Stop Improvements and Transit Hubs

Bus Stop Improvements – In FY 2017/18, Marin Transit will review and make improvements to several additional bus stops throughout the county as are part of an ongoing project to improve and update high priority stop locations. With the remaining State of Good Repair grant budget of \$600,000, this next phase of improvements will prioritize and construct improvements at local bus stops.

Bus Stop Assessment – The last Marin Transit bus stop inventory was completed in 2005. Marin Transit will update the inventory to reflect recent improvements, and to better quantify needs and prioritize future stop improvements throughout the county. Work began on this project in FY 2016/17, and should be completed in the first half of FY 2017/18. The project budget is \$100,000, and will be funded through local Measure A sales tax funding.

Downtown Novato Transit Facility – Marin Transit began construction for this project in FY 2016/17 in partnership with the City of Novato, GGBHTD, and the County of Marin. Marin Transit was awarded \$1.98 million in PTMISEA funds for the construction phase through the Metropolitan Transportation Commission's and the Transportation Authority of Marin's Lifeline Program. In addition, Marin Transit is using \$1 million in Active Transportation Program (ATP) funds, \$311,000 in OBAG2 local funds, \$300,000 Measure A capital funds, and \$1.12 million in Measure A Reserve Funds for the \$4.7 million project. Approximately \$1.6 million of those funds will be needed in FY 2017/18 to complete the project.

Muir Woods Shuttle Infrastructure – Marin Transit received \$638,000 in Federal Transit in the Parks (Paul S Sarbanes) funding for additional capital improvements related to the Muir Woods Shuttle. Marin Transit has been working with the National Park Service on potential site improvements to the Pohono Street Park and Ride, where many passengers pick up the shuttle, to make the site more visitor-friendly. Plans include signage and wayfinding

improvements as well as the purchase of a mobile information vehicle. The vehicle will be parked in the Pohono lot on weekends to provide additional information support for visitors.

San Rafael Transit Center – In preparation for SMART service extending to Larkspur from the terminal in San Rafael, Marin Transit is working with the City of San Rafael, Golden Gate Bridge Highway and Transportation District, and SMART to further refine and develop an integrated bus and rail operation.

Until a relocated facility is identified, funded, and constructed, efforts are continuing to modify the existing transit center with minimal impact to bus operations, vehicular traffic, pedestrians, and bicyclists. Marin Transit will use \$100,000 of Measure A sales tax funding for planning and design tasks to complete this interim phase.

Administrative and Operations Facilities

Operations and Maintenance Facility – The District will continue to evaluate potential opportunities and seek cost-effective solutions for purchasing property for an operations facility for contractors to store and maintain vehicles. Securing a well-located, long-term site for operations of fixed route, paratransit, and yellow bus services is a high priority. A Marin Transit-owned facility will lead to efficiencies in contract management, operations, and maintenance practices, and reduce ongoing operations costs. The facility will be designed to support expansion of alternative fuel vehicles, included hybrid and all-electric buses. The District will have \$174,000 in federal STP funds and Measure A funds for the preliminary design and development of the new bus operations and maintenance facility.

Marin Transit has \$5.5 million for the purchase of right-of-way comprised of a federal discretionary award of \$4.4 million in Section 5339 funds and a \$1.1 million local match of Measure A sales tax funding.

Technology Projects

On Board Equipment – 2016 – This federally-funded project will pay for fareboxes and associated on-board equipment for the 2016 vehicle replacements. In FY 2017/18, Marin Transit will expend the remaining funds to purchase and install security cameras on paratransit vehicles.

On Board Equipment – 2015 – This federally-funded project includes the remaining budget for paratransit fareboxes, paratransit mobile data terminals, radios, voice annunciators, and on-board equipment associated with 2014 and 2015 vehicle replacements. The purchase of paratransit mobile data terminals was delayed while the District completed procurement of new paratransit software. In FY 2017/18, funds in this project will be expended on the paratransit mobile data terminals and other paratransit equipment.

Mobility Management Technology Backbone – This grant-funded technology project adds to Marin Transit's technological capabilities for ride-matching, mobility management, and electronic fare payments. Based on the findings from the District's Mobility Management planning study, the District will direct \$356,500 in local Measure A funding and Federal Job Access Reverse Commute (JARC) grant funds in FY 2017/18 to upgrade the website and purchase software.

Radio Communication Upgrade – This is a new project to evaluate radio communications on all contract services and to ensure integration and compliance of all systems. The \$348,000 project is expected to be funded 82% with FTA 5307 funding.

Other Measure A Capital Expenses

Other capital and infrastructure expenses include: Marin Emergency Radio (MERA) radio capital bond payments, the capital contribution to GGBHTD as required under contract, major vehicle repairs, and bus stop maintenance expenses. Expenditures that do not meet the District's policy for capitalization will be included as operations expenses on financial statements.

Table 14: Capital Budget by Project

		Total Project	Prior Years	FY2018	Future Years	Measure A / Local Funding	State Funding	Federal Funding
EV	Purchase Two Electric Vehicles (Replacements)	1,662,022	40,000	1,622,022	-	20%	8%	72%
LY	Purchase Ten 40ft Vehicles (Replacements)	7,710,000	14,953	7,695,047	-	18%	0%	82%
PA	Purchase Three Paratransit Vehicles (Replacements)	267,000		267,000	-	18%	-	82%
PB	Purchase Two Accessible Vans	102,780		102,780	-	18%		82%
NR	Non Revenue Van	40,750		40,750	-	20%		80%
Subtotal Vehicles		9,782,552	54,953	9,727,599	-	18%	1%	80%
BI	Bus Stop Improvements SGR (BI)	2,025,045	1,425,045	600,000		1%	20%	79%
BS	Bus Stop Assessment Update	100,000	20,000	80,000	-	100%	0%	0%
NC	Downtown Novato Hub (NH) Construction	4,700,000	3,062,337	1,637,663	-	11%	58%	0%
BW	Muir Woods Infrastructure Improvements	638,000	125,271	512,729	-	0%	0%	100%
TR	San Rafael Transit Center	100,000		100,000	-	100%	0%	0%
Subtotal Bus Stop Improvements		7,563,045	4,632,653	2,930,392	-	10%	41%	30%
FC	Facility Preliminary Design & Env	174,418	71,537	102,881	-	30%		70%
FR	Facility ROW Purchase & Capital Improvements	5,500,000		5,500,000	-	20%		80%
Subtotal Facility		5,674,418	71,537	5,602,881	-	20%		80%
OA	On Board Equipment - 2016	210,000	45,044	164,956	-	18%	0%	82%
OB	On Board Equipment - 2015	434,898	329,037	105,861	-	26%		64%
TB	Mobility Management Technology Backbone	375,000	16,750	356,500	-	20%	0%	80%
ME	MERA	29,000		29,000	-	100%	0%	0%
RD	Radio Communication Upgrade	348,000	-	75,000	273,000	18%	0%	82%
Subtotal Technology Projects		1,396,898	390,831	731,317	273,000	22%	0%	77%
GG	Golden Gate Capital Costs (GG)		-	20,000	NA	100%	0%	0%
BM	Bus Stop Maintenance (BM)		-	100,000	NA	100%	0%	0%
VR	Major Vehicle Repairs (VR)		-	300,000	NA	100%	0%	0%
IF	Infrastructure Support (IF)		-	385,000	NA	100%	0%	0%
Subtotal Ongoing Capital Expenses		-	-	805,000	-	100%	0%	0%
Total Expenditures		24,416,913	5,149,974	19,797,189	273,000	21%	13%	65%