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June 6, 2022

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 2022/23

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brian colbert
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town of san anselmo

Dear Board Members:

RECOMMENDATION: Adopt FY 2022/23 budget.

SUMMARY: Marin Transit's draft budget for July 1, 2022 to June 30, 2023 was presented at your Board's May 2, 2022 meeting. Staff is requesting that your Board adopt the final FY2022/23 budget today. The final budget document is attached to this board letter and changes from the draft budget are described below.

The FY 2022/23 Expenditure Budget for Operations and Capital Projects of \$53.6 million is balanced with the planned expenditure of capital reserve funding (Table 1). The expenditure budget fully funds the Emergency Reserve (two months operating expenses) and Contingency Reserve (four months of operating expenses) while setting aside \$16 million in Capital Reserves.

The significant uncertainties and fluctuations that were central to the budget cycles during the first two years of the pandemic have calmed. While ridership is not at pre-COVID levels, fixed route ridership is approaching 80% of normal and demand response ridership is continuing to recover. Fixed route programs have all been restored and the budget includes adjustments to reflect current service demand, back fills for regional routes that are not being restored and addresses long term sustainability.

Local sales tax revenues have grown, state operations revenues have increased, and the budget includes the final expenditure of federal relief funds. Offsetting the strong revenue growth, inflation is at record highs and driving labor shortages that translated to increases in purchased transportation costs and challenges maintaining service quality.

The operating expense budget of \$39.6 million is an eleven percent increase over the FY2022/23 budget and provides for a similar level

of fixed route service, increased paratransit service and increased purchased transportation and fuel expenses.

After a period of freezing salary and benefits due to unknowns during the FY2020/21, the region is now experiencing record inflation rates that create pressure for the District to ensure competitive salaries to retain and attract quality staff members. The budget includes adding three FTEs, one without a budget increase to adjust for vacancy rates and two to address on-going workload increases related to oversight of facilities, procurement, and federal compliance.

Table 1: Budget Summary

	FY2020/21 Actual	FY2021/22 Revised Budget	FY 2021/22 Estimated Actual	FY 2022/23 Budget
Revenue				
Operations	34,539,935	37,036,527	37,046,795	42,272,132
Capital	5,754,427	8,182,709	7,530,409	9,999,380
Total Revenue	\$40,294,362	\$45,219,236	\$44,577,204	\$52,271,512
Expenditures				
Operations	29,834,625	35,730,684	33,414,013	40,451,999
Capital	5,685,746	17,106,296	10,459,584	13,099,380
Total Expenditures	\$35,520,371	\$52,836,980	\$43,873,597	\$53,551,379
Net Change in Fund Balance	\$4,773,991	-\$7,617,744	\$703,607	-\$1,279,867
Emergency Reserve	5,852,845	5,896,957	5,896,957	6,742,000
Contingency Reserve	11,705,690	11,793,915	11,793,915	13,484,000
Capital Reserve	19,228,283	11,478,202	19,799,553	15,984,559
Fund Balance (total reserve)	\$36,786,818	\$29,169,074	\$37,490,425	\$36,210,558
Expenditure of Capital Reserve	0	5,680,000	2,929,175	3,100,000

The budget document attached to this report provides additional information and trends for the operations budget for Administration, Local Service, Yellow Bus Service, Rural Service, and Marin Access.

Marin Transit's capital expenditure budget is \$13 million to fund transit vehicles, bus stop improvements, transit technology projects, and other capital expenses. In FY2022/23 Marin Transit will complete the purchase of 10 paratransit vehicle replacements. Marin Transit is actively purchasing right-of-way for additional transit bus parking and the budget includes the larger facility project needed for installation of electric vehicle charging infrastructure and fixed route vehicle maintenance. Marin Transit successfully purchased a two-and-a-half-acre parcel (Rush Landing) in FY2019/20 and a paratransit maintenance facility in San Rafael in FY2021/22. These purchases will provide vehicle parking for only a portion of the fleet and a maintenance facility location only for the paratransit service. Additional facilities and facility improvements are needed to meet zero emission fleet requirements and accommodate Marin Transit's full parking and maintenance needs.

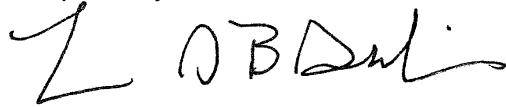
Final Budget Compared to Draft Budget

The proposed final operations and capital budget for FY 2022/23 includes the following changes from the draft budget:

- Modifies the allocation of FTA Section 5311 federal relief dollars to offset changes Caltrans made to the timing of the District's Section 5311 rural transit operations grants;
- Increases Measure AA funding to yellow school bus programs by \$150,000 based on increased sales tax funding;
- Updates Marin Airporter contract rates to reflect the final option year contract;
- Adds \$16,000 for revenue from Solar Renewable Energy Credits (SREC) for the operations of District's electric transit buses that was not included in draft budget; and
- Increases Parking Facility Right of Way (ROW) Capital Project Budget to reflect final purchase price of 3010/320 Kerner.

FISCAL IMPACT: Board action will authorize FY2022/23 operations and capital expenditure levels.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'L. Gradia', written over a large, stylized 'Z' or 'L' character.

Lauren Gradia
Director of Finance and Capital Projects

Attachment



MARIN TRANSIT BUDGET FY 2022/23

Table of Contents

Marin Transit Budget Overview	3
Relevant Financial Policies	4
District Fund Balance.....	6
Local Sales Tax – Measure A and Measure AA	6
Operations Budget	9
District Revenue	11
District Expenses.....	14
Administration	17
Local Service	25
Yellow Bus Service.....	31
Rural Service	25
Marin Access (Paratransit and Mobility Management)	27
Capital Budget	33
Vehicles	33
Bus Stop Improvements	34
Administrative and Operations Facilities	35
Technology Projects	35
Other Measure A/AA Capital Expenses.....	35

Tables

Table 1: Budget Summary	3
Table 2: Operations Budget (Admin, Local, Yellow Bus, Rural & Marin Access).....	10
Table 3: Federal Relief Funds	12
Table 4: Revenue Variances in Operations Budget	13
Table 5: Expense Variances in Operations Budget	14
Table 6: Personnel Counts	16
Table 7: Administration Budget	18
Table 8: Local Budget Service Levels	19
Table 9: Local Service Budget	22
Table 10: Yellow School Bus Budget	24
Table 11: Rural Service Levels	26
Table 12: Rural Service Budget	26
Table 13: Marin Access Service Levels	37
Table 14: Marin Access Budget.....	39
Table 15: Capital Budget	36

List of Figures

Figure 1: Programmed Measure A/AA Transit Funds by Fiscal Year (TAM Projection & Actual Receipts).....	7
Figure 2: Local Sales Tax Expenditures by Fiscal Year (Measure A/AA)	8
Figure 3: Revenue Sources for FY 2022/23 Budget	11
Figure 4: Operations Expenses for FY 2022/23 Budget.....	15
Figure 5: Marin Transit FY 2022/23 Organization Structure	16
Figure 6: Local Revenue Service Hours by Program	20
Figure 7: Local Passenger Trips by Program	21
Figure 8: Rural Service Level and Ridership Trends	25
Figure 9: Marin Access Revenue Hours by Program	27
Figure 10: Marin Access Passengers by Program	28
Figure 11: Capital Project Budget by Type	33

Marin Transit Budget Overview

The Marin County Transit District (Marin Transit) is responsible for local transit service within Marin County, and pre-COVID provided over 3.2 million unlinked passenger trips per year and over 250,000 revenue hours of service. The FY 2022/23 expenditure budget for operations and capital projects is \$53.6 million. 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 \$16.7 million. The significant uncertainties and fluctuations that were central to the budget cycles during the first two years of the pandemic have calmed. While ridership is not at pre-COVID levels, fixed route ridership is approaching 80% of normal and demand response ridership is continuing to recover. Fixed route programs have all been restored and the budget includes adjustments to reflect current service demand, back fills for regional routes that are not being restored and addresses long term sustainability. Local sales tax revenues have grown, state operations revenues have increased, and the budget includes the final expenditure of federal relief funds. Offsetting the strong revenue growth, inflation is at record highs and driving labor shortages that translated to increases in purchased transportation costs and challenges maintaining service quality.

Marin Transit delivers services through contract operators. These include: Golden Gate Bridge Highway & Transportation District (GGBHTD), Marin Airporter, MV Transportation, and Transdev. 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 February 3, 2020 but board approved modifications to the service plan have been made to address unanticipated needs during the COVID-19 pandemic.

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	FY2020/21 Actual	FY2021/22 Revised Budget	FY 2021/22 Estimated Actual	FY 2022/23 Budget
Revenue				
Operations	34,539,935	37,036,527	37,046,795	42,272,132
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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. This year, the Board heard three presentations on the state of the system and financial outlook to inform service planning for the FY2022/23. Staff then held internal meetings focused on each program area. The Director of Finance compiled all the program data and developed a draft budget to present to the Board of Directors at the May meeting. The final budget will incorporate any changes from the draft version, and the Board considers adoption of the budget at their June meeting.

The following is the timeline for fiscal year July 1, 2022 to June 30, 2023 (FY2022/23) budget development:

January 2022 – March 2022	Board presentations on State of the System and Financial Projections
March 1, 2022	Budget kick-off meeting
March-April 2022	Program level budget meetings
May 2, 2022	Draft presented to Board of Directors
June 6, 2022	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, facility, 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 with 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

In order 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 Federal Title 2 CFR 200 and is approved by the Federal Transit Administration (FTA).

District Fund Balance

Marin Transit's fund balance represents the total unrestricted net position made up of local property tax funding. 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 SRTF to ensure long term financial stability while maximizing mobility for local transit riders.

Marin Transit was in a strong financial position before the COVID-19 pandemic, and this helped prevent the need to make service cuts based on preliminary projections of revenues losses. Prior to the pandemic, Marin Transit has been able to rebuild the District's fund balance based on strategic efforts to lower service contract rates and control administrative costs combined with revenues from a strong economy. Federal relief funds allowed Marin Transit to continue to have a balanced budget during the COVID-19 pandemic and back fill for drops in fare revenue, and state operations revenue.

Marin Transit's FY2022/23 budget includes the expenditure of \$3.1 million in Capital Reserve funds on facility projects. There is net decrease the District's total reserves of \$1.3 million, and after increasing the operations reserves to the approved levels, the Capital Reserve decreases to \$16.0 million.

Local Sales Tax – Measure A and Measure AA

On November 6, 2018, Marin County voters passed Measure AA, a renewal to the county's ½-cent transportation sales tax and new expenditure plan. The first ½-cent sales transportation sales tax (Measure A) was a 20-year measure passed in 2004 and FY2024/25 would have been the last year of the sales tax. The renewal measure (Measure AA) is a 30- year extension effective April 2019. Local sales tax funding provides approximately 32% of Marin Transit's operating revenues. The sales tax also provides a share of capital funds needed to match federal and state grant funding for vehicles.

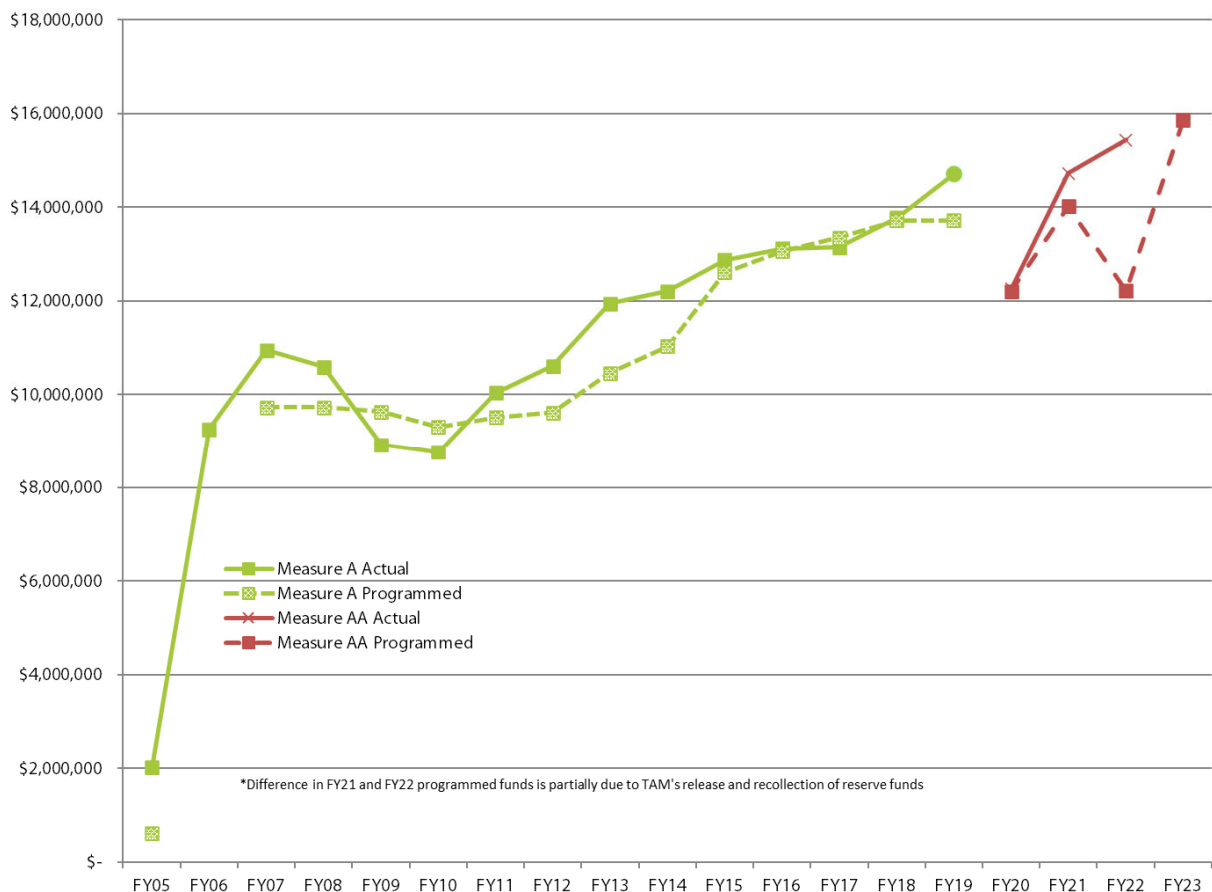
The new expenditure plan was updated to reflect the needs of Marin County and projects that were completed under Measure A. Measure AA continues to prioritize local transit and the voter approved expenditure plan indicates that 55% of allocated sales tax revenues will go to local transit. The expenditure plan for Measure AA changed the sub-strategies and their allocations within the transit strategy. Measure AA commits funding in the transit strategy to school transportation and ferry access and reduces funding for Bus Transit Facilities. The amount of funding going to local transit is reduced in the new measure due the need to restart "off the top" commitments that had ended in the old Measure (Figure1).

The Transportation Authority of Marin (TAM) programs Measure A/AA funding to the District based on projections and adjusts future year balances to account for actual sales tax receipts. Based on the programmed amounts, Marin Transit requests annual allocations of funds from TAM. Figure 1 shows Marin Transit’s share of Measure A and Measure AA projected revenues and actual receipts. TAM established a reserve fund under Measure A to account for potential economic declines that could adversely impact sales tax collections. Current year sales tax allocations include the return of Measure A funding that was held as TAM reserves new Measure AA reserve funds are collected.

Marin County has seen strong sales tax returns in during the pandemic due to the combination of strong sales and the Wayfair decision that increased the collection of sales tax for purchases made online. TAM recently reported sales tax growth of 12.8% in FY2020/21 and 10.3% in FY2021/22. TAM is projecting conservative growth of 2.5% in FY2022/23 but with the increased base from two years of over 10% growth this is a significant restoration of funding available to Marin Transit.

TAM’s adjustments to Measure AA projections increases annual Measure AA funds available to Marin Transit by more than \$3.0 million per year and creates \$6.5 million in carryforward funds.

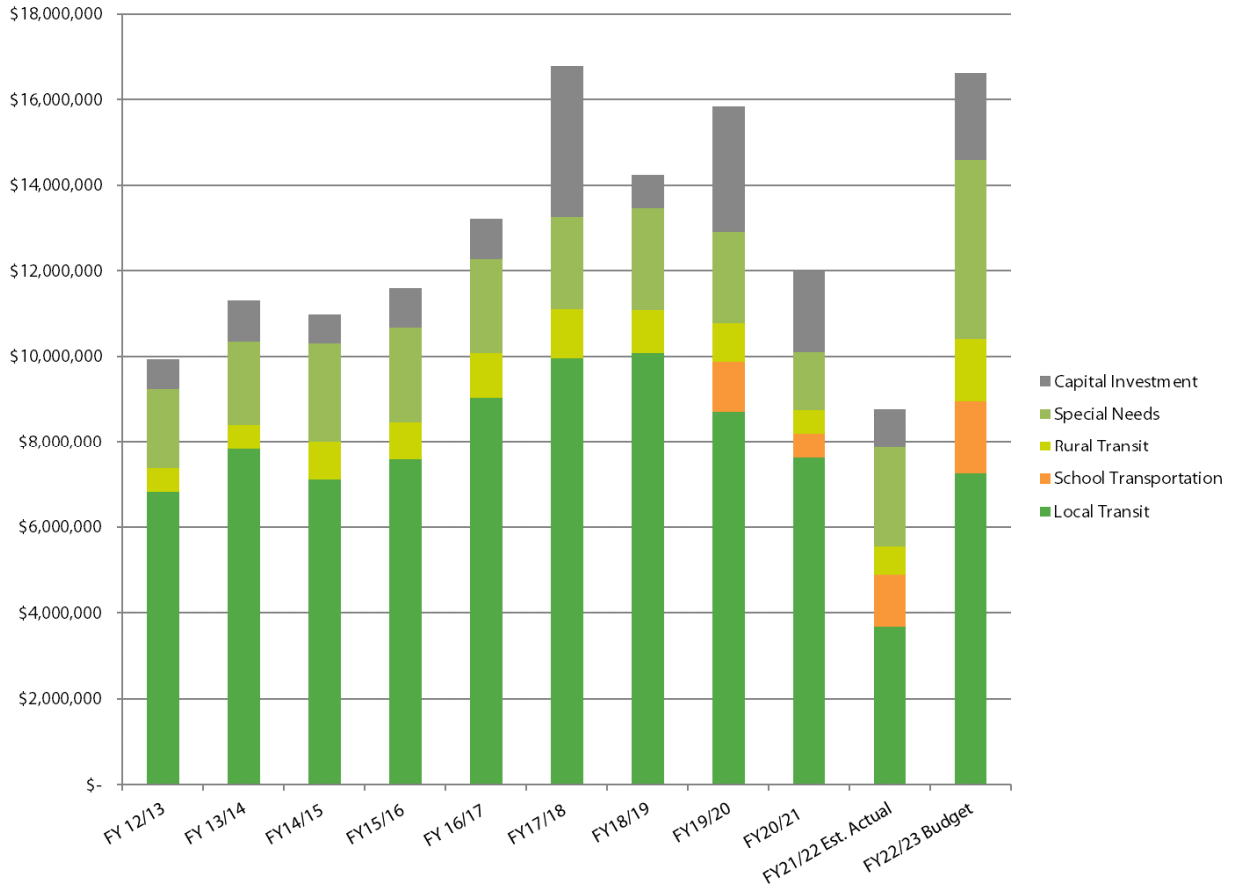
Figure 1: Programmed Measure A/AA Transit Funds by Fiscal Year (TAM Projection & Actual Receipts)



The District’s actual expenditure of Measure A/AA revenue varies due to capital replacement cycles and the availability of other grant funds in a particular year (Figure 2). In any given year, unclaimed Measure A/AA revenue is available for TAM to allocate to Marin Transit in future years. With the FY2022/23 requested allocations, Marin

Transit will have an estimated carryover of \$8.9 million in Local Service subcategory and \$900,000 in Schools subcategory. TAM holds these unallocated funds, 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 annual expenditure of local sales tax funds by category. Consistent funding availability is critical to maintaining transit service operations.

Figure 2: Local Sales Tax Expenditures by Fiscal Year (Measure A/AA)



Operations Budget

Marin Transit's FY2022/23 operations budget provides for operation of the following services:

Local Basic and Local Trunkline	114,200 revenue hours
Local Connector (Community Shuttles)	42,000 revenue hours
Supplemental School and Partnership	5,000 revenue hours
Muir Woods Shuttle	6,500 revenue hours
Novato Dial-A-Ride	2,000 revenue hours
Yellow School Bus Service	5 buses
West Marin Stagecoach Service	17,000 revenue hours
Rural Dial-A-Ride Service	400 revenue hours
Local Paratransit Service	43,000 revenue hours
Regional Paratransit Service	5,000 revenue hours
Catch-A-Ride	4,000 trips
Volunteer Driver	10,000 trips
Transit Connect	6,500 revenue hours

The operating expense budget of \$40.5 million is a thirteen percent increase over the FY2022/23 budget and provides for a similar level of fixed route service, increased paratransit service and increased purchased transportation and fuel expenses.

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

	FY2020/21 Actual	FY2021/22 Revised Budget	FY 2021/22 Estimated Actual	FY2022/23 Final Budget	% Δ from FY2021/22 Budget
Revenue					
Fare Revenue	1,654,777	3,017,579	2,778,556	3,246,145	8%
Advertising & Other Revenue	367,408	610,447	571,792	203,500	-67%
Reimbursements (GGBHTD)	1,267,335	1,342,481	1,584,986	1,538,331	15%
Interest	125,928	160,700	20,279	25,700	-84%
Measure A/AA	10,265,372	12,726,002	8,306,458	13,521,355	6%
Measure B	910,679	944,943	932,057	950,000	1%
Property Taxes	4,975,162	4,940,101	5,261,979	5,245,000	6%
Development Fees	56,556	45,500	48,429	44,100	-3%
State Transit Assistance (STA)	1,680,205	2,384,860	2,600,376	3,012,985	26%
Transportation Development Act (TDA)	3,817,097	5,871,942	6,565,228	11,411,858	94%
Other State	32,769	32,300	19,813	32,300	0%
FTA Funds	9,207,534	5,294,542	8,378,777	4,925,943	-7%
National Park Service	14,331	418,694	286,066	564,914	35%
Transfers to Capital Budget	(6,578)	(753,564)	(850,000)	(2,450,000)	225%
Total Revenue	34,368,575	37,036,527	36,504,796	42,272,131	14%
Expenses					
Salaries and Benefits	2,478,182	2,806,721	2,542,052	3,182,288	13%
Professional Service	299,251	590,752	334,210	621,484	5%
Professional Service- Legal	15,999	103,000	89,721	150,000	46%
Security and Maintenance	220,559	388,631	367,723	400,564	3%
Customer Service	681,567	569,638	841,022	672,695	18%
Mobility Management Support Programs	0	92,360	5,000	102,731	11%
Grants to Other Agencies	232,085	410,406	670,338	525,000	28%
Materials and Supplies	330,566	397,352	330,000	410,191	3%
COVID Cleaning and Supplies	219,261	342,000	87,653	0	-100%
General Insurance	63,052	72,928	84,746	115,000	58%
Contract Service Operation	23,220,992	26,229,348	24,990,492	30,495,780	16%
Membership & Prof Development	34,694	53,888	53,714	85,500	59%
Mileage and Travel	413	25,750	8,507	25,000	-3%
Marketing	96,232	178,411	51,608	162,620	-9%
Communication	188,554	264,888	283,846	248,487	-6%
Fuel	1,891,121	3,313,525	2,833,896	3,735,285	13%
Utilities (Facility)	0	65,000	44,542	66,050	2%
Vehicle and Vehicle Parking Leases	0	26,236	25,285	26,210	0%
Office - Rental and Overhead	140,532	146,260	150,000	183,960	26%
Partner Agency Pass Through	0	0	0	0	-
Transfers to Capital Budget	(363,742)	(346,410)	(380,340)	(756,847)	118%
Total Expenses	29,749,318	35,730,684	33,414,015	40,451,999	13%
Net Revenue Over Expenditures	<u>4,619,257</u>	<u>1,305,843</u>	<u>3,090,781</u>	<u>1,820,132</u>	

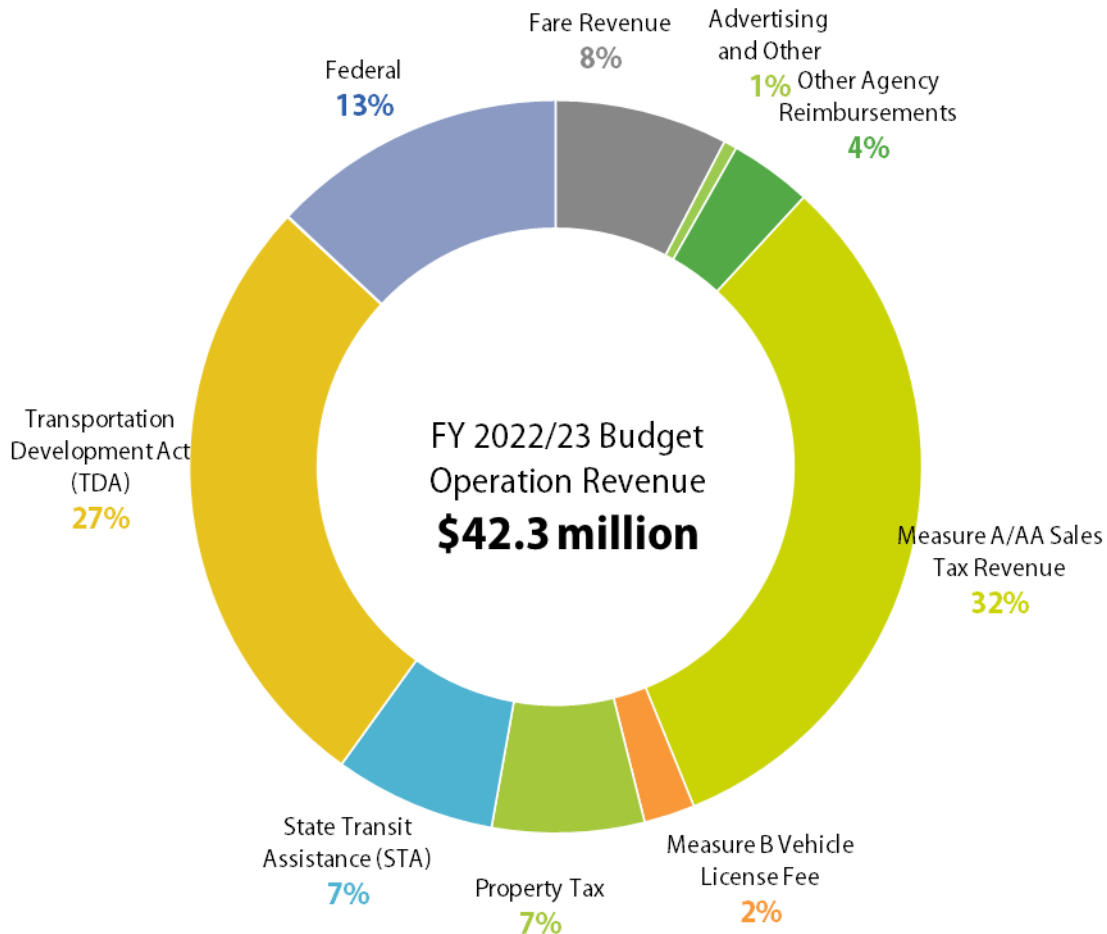
District Revenue

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 /Measure AA 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 2022/23 budget, staff referred to Metropolitan Transportation Commission (MTC) revenue projections for STA and TDA, used TAM's allocation numbers for Measure AA, and reviewed recent economic indicators. As discussed in the Measure A/AA section, Marin County experiences strong and stable sales tax growth. Similar to Measure AA, state funding based on sales tax did not decline as projected and this resulted in significant increases in available State Transportation Development Act funds (TDA). State funds increased to 34% of Marin Transit operations revenue from 22% in the prior budget.

Figure 3: Revenue Sources for FY 2022/23 Budget



Federal Relief Funds

During the pandemic Marin Transit is receiving timely and significant federal funding for transit operations. The funding in the three federal relief bills, Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriation Act of 2021 (CRRSAA), and the American Rescue Plan Act (ARPA) of 2021 (Table 3) allowed Marin Transit to maintain critical services throughout the pandemic. The funding was provided at a 100 percent federal share, with no local match required.

The Federal Transit Administration (FTA) allocated the formula funding to regions and states through the Section 5307 urbanized program and the Section 5311 rural program. The Metropolitan Transportation Commission (MTC) is the recipient of Section 5307 funds for the Bay Area. MTC worked quickly with all Bay Area transit agencies to develop a sub-allocation of the region's funding that reflects the initial needs of the transit agencies during this crisis and focused on restoring revenue losses for all operators. Funding through the Section 5311 program has been allocated by Caltrans.

Table 3 shows the total funding amounts Marin Transit was allocated from all relief bills. The FY2022/23 budget includes the expenditure of the remaining \$3.6 million in ARPA funds.

Table 3 Federal Relief Funds

Federal Relief Bill	Marin Transit Allocation	Anticipated Expenditure Year
Coronavirus Aid, Relief, and Economic Security (CARES) Act	\$10,176,307	FY2020, FY2021
Coronavirus Response and Relief Supplemental Appropriation Act of 2021 (CRRSAA)	\$4,178,691	FY2022
American Rescue Plan Act of 2021	\$6,589,000	FY2022, FY2023
Total	\$20,943,998	

Revenue Variances

All budgeted revenues that change more than \$250,000 compared to the prior budget are listed in Table 4 and each are described below.

Table 4: Revenue Variances in Operations Budget >\$250,000 variance compared prior year budget

Revenue Category	FY 2022/23 Budget	Variance from Prior Year Budget		Notes
		Amount (\$)	%	
Advertising & Other Revenue	\$203,500	(\$406,947)	-67%	Reduction in revenue is from a drop in rental revenue from Rush Landing and an anticipated drop in revenues through the GGBHTD contract
Measure A/AA	\$13,521,355	\$795,353	+6%	With the drop in federal relief funds an increased amount of Measure AA funds will be used to fund operations
State Transit Assistance	\$3,012,985	\$628,125	+26%	Increased need for the expenditure of State funds combined with increased allocation amounts from Diesel Taxes and carryforward funds.
Transportation Development Act	\$11,411,858	\$5,539,916	+94%	Strong sales tax growth contributing to carryforward funds and a restoration of allocation levels to the County combined with an increased share of Marin County funds based on ridership and service provided.
FTA Funds	\$4,942,640	(\$351,902)	-7%	Final expenditure of federal relief funding is lower than prior year; federal funding for paratransit assistance increased \$200,000 based on increased funding in federal transportation reauthorization bill.

Advertising & Other Revenue includes advertising and leasing revenue from directly owned properties and through the GGBHTD agreement and is expected to drop significantly in the budget year. In FY2022/23, no revenue is anticipated from leasing Rush Landing due to changes in the contract terms. Preliminary negotiations with GGBHTD indicate that it is likely that the new contract will not include the pass through of rental revenue from the San Rafael transit center.

The budgeted Measure A/AA revenue increases in the FY2022/23 by \$795,00 (+6%). The increase is due to an increased need for local funds for operations once federal relief funds are fully expended. The budget includes the amount of Measure A/AA revenue the District expects to expend. The amount of the Measure A/AA available for allocation exceeds the expenditure amount in most of the sub-strategies (additional detail is included at the program budget level).

State Transit Assistance Funds (STA), from sales tax on diesel fuel are allocated in accordance with the statute where 50% is based on (a) locally generated revenue expended on transit operations (revenue based) and 50% is based on (b) the population of the County (population based). The three eligible transit operators in Marin County—Marin Transit, Golden Gate Bridge Highway and Transportation District (GGBHTD), and SMART—signed an agreement in FY 2017/18 to split population funds based on ridership and service provided to address MTC’s new STA Population-Based Policy (MTC Resolution 4321). Marin Transit’s share of population based funds increased from 41% to 61% due to the higher retention of passengers and service during the pandemic than other operators. This increased the

District's share by \$572,000. The budget includes the expenditure of \$1.5 million of revenue based STA based on operations needs and will carryforward \$2 million in unallocated funds.

Similar to Measure AA local sales tax revenue, Transportation Development Act (TDA) funding is also generated from sales tax which has had strong growth, resulting in \$1.6 million in additional prior year funds. Marin County TDA is split between Marin Transit and GGBHTD based on Marin County ridership and service hours provided. Marin Transit's relative share increased from 43.12% to 62.66%, increasing the District's annual share by \$3.0 million.

FTA funding primarily consists of \$3.6 million in federal relief funds and decreases seven percent in the FY2022/23 budget. This is the final expenditure of federal relief funding through the American Rescue Plan Act. Federal Section 5307 funding for paratransit operations also increased significantly due to increases in the recent federal transportation reauthorization bill.

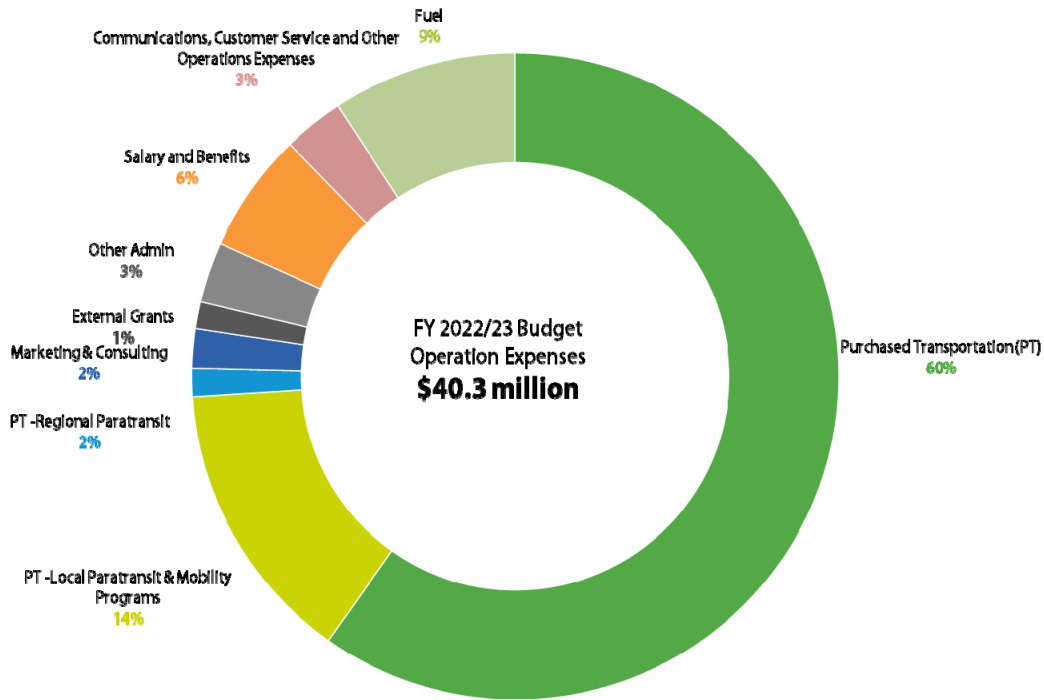
District Expenses

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 (75%) and associated fuel (9%) and other operations expenses (5%). 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. The District's operations budget is a 13% increase over the FY2021/22 budget reflecting a high inflation and labor shortage that are putting increasing pressure to increase purchase transportation costs in order to maintain the service quality. Specific budget categories with variances greater than \$250,000 are summarized in Table 5.

Table 5: Expense Variances in Operations Budget (>\$100,000 and >10%)

Expense Category	FY 2022/23 Budget	Variance from Prior Year Budget		Notes
		Amount (\$)	%	
Salaries and Benefits	\$3,294,308	\$487,587	+17%	The increased budget allows more significant merit-based increases to adjust for high inflation. The budget also accommodates promotions and three additional positions to adjust for vacancy rates and improve procurement, contracting and oversight.
Contract Service Operation	\$30,495,780	\$4,266,432	+16%	Significant increase to account for anticipated new GGBHTD operations contract, new rates on Marin Airporter contract, and allow for anticipated return in demand for paratransit services.
Fuel	\$3,735,285	\$421,769	+13%	This increase reflects recent increases in fuel prices and allows for volatility of fuel prices.

Figure 4: Operations Expenses for FY 2022/23 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. After a period of freezing salary and benefits due to unknowns during the FY2020/21, the region is now experiencing record inflation rates that create pressure to for the District to ensure competitive salaries to retain and attract quality staff members.

The FY2022/23 budget includes a shift in how the District budgets for direct staff and adds staff positions to address ongoing work load increases related to oversight of facilities, procurement, and federal compliance. Marin Transit averages the equivalent of 1-2 vacant FTEs per year. This occurs due to staff turnover and the time it takes to fill vacant positions. Vacancies result in continually under spending in the salary and benefits budget, create strain on existing staff resources, and reduce Marin Transit’s ability to provide quality transit service. The FY2022/23 budget increases budgeted FTE by 1 FTE without increasing budgeted expenses to create a more accurate and obtainable staffing plan.

The budget also adds two staffing positions. One position in will be responsible for facility maintenance and oversight. The need for this position was created by the purchase of the Rush Landing and Kerner facilities and will reduce some ongoing consultant fees. The second position will centralize procurement and federal oversight responsibilities to reduce burden on operations and finance staff.

Based on the District’s employment framework, top and bottom of the salary ranges for each classification can be increased by the consumer price index (CPI)¹ as of February of each year. This past year, the region experienced significant inflation. CPI increased by 5.2% in February and salary bands will be increased accordingly. Marin Transit has a merit based salary framework and there are no guaranteed cost of living increases. The budget includes capacity to account for inflation in annual salary increases and for merit based adjustments and promotions.

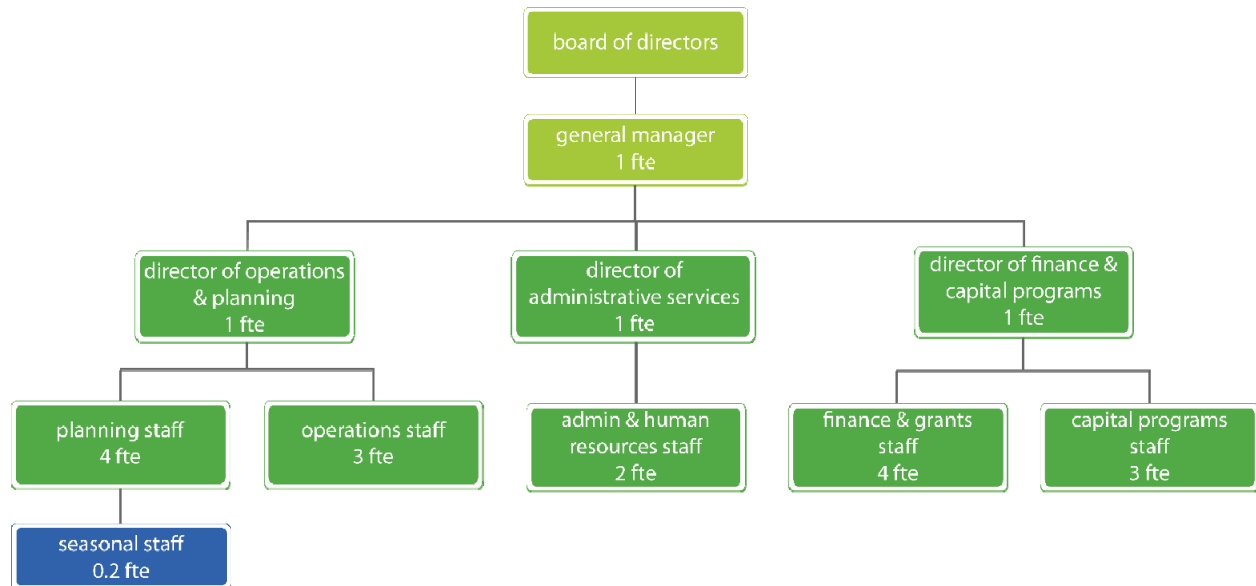
Benefit costs are on a calendar year and health insurance benefit rates increased 5% in 2022. There is capacity in the budget to accommodate some benefit rate adjustments in 2023.

Accounting for the additional positions and high inflation, the FY2022/23 salary and benefits budget increases 13% compared to the prior year budget.

Table 6: Personnel Counts (FTE)

	FY 2020/21	FY 2021/22	FY2022/23
Budget	16.4	17.4	20.2
Actual	15.6	16.0 <i>(estimate)</i>	

Figure 5: Marin Transit FY 2022/23 Organization Structure



¹ Bay Area CPI February 2022– 5.2%, bls.gov

Fuel

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 hourly contract rates as they do not need to hedge against potential fuel price increases.

Fuel prices are known to be volatile, and Marin Transit's budget includes capacity for price fluctuations. The current year budget anticipated that fuel prices would re-bounce to pre-pandemic levels and as global demand returned. Additional price increases from war and political embargos have resulted in fuel prices increases of 45% between February 2021 and February 2022. The FY2022/23 Budget includes a 20% increase in projected fuel prices.

The method for purchasing fuel varies among contracts depending on the volume of service, existing infrastructure, and location of service. GGBHTD maintains its own fuel contract and delivery system. Two contractors fuel their vehicles at the County of Marin facility, 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. As the District identifies future facility locations, the potential for fuel savings should be considered.

The budget also includes electric power costs for the District's electric buses. Two vehicles are currently operated by GGBHTD, where the vehicles are charged overnight during off-peak hours to reduce utility demand charges. The vehicle chargers have a submeter in GGBHTD's San Rafael maintenance yard, allowing for segmentation of the utility costs from the larger facility. Four electric buses will be charged at the District's Rush Landing facility. The budget includes \$2,900 per month for electrical power to charge each vehicle

Administration

Expenses in the administration budget include: staff salaries and benefits, audit fees, insurance, travel costs, professional development expenses, office rental, and other associated costs. The administration budget (Table 7) 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.

For FY2022/23, three percent increase were sufficient increases to most administrative budgets to accommodate general inflation. Salary and Benefits budget increases 13% to accommodate a new position and merit-based salary increases (see staffing, page 17). Insurance costs were increased to reflect new costs related to expanded facilities and increased rates in the District's insurance pool. The budget for legal fees was increased to accommodate the increased need for support related to claims and contracts. Marin Transit signed new office lease extension that included more spaces at a lower cost per square foot. The new lease extends through 2027 and additional costs are included in the office rental budget

Table 7: Administration Budget

		FY 2021 Actual	FY2022 Budget- Revised	FY 2022 Estimated Actuals	FY2023 Budget	% Δ From FY2022 Budget
Revenue						
4070400	Interest	125,928	160,700	20,279	25,700	-84%
4079950	Development Fees	23,894	20,500	26,759	24,100	18%
4079954	Residual ABX 126	32,662	25,000	21,670	20,000	-20%
4080101	PropTax-CurrntSecured	4,366,859	4,472,425	4,540,000	4,676,000	5%
4080102	County Fee-Admin Basic Tax	(62,492)	(68,494)	(59,797)	(65,000)	-5%
4080103	Property Tax-Unitary	39,531	40,170	39,531	40,000	0%
4080104	PropTax-CurrntUnSecur	82,857	80,000	83,000	82,500	3%
4080105	Educ Rev Augm Fund-Redist	451,508	320,000	565,620	420,000	31%
4080106	PropTax-Supp CY SECR	89,757	90,000	86,139	85,000	-6%
4080107	PropTax-Supp Unsecured	1,711	1,000	1,501	1,500	50%
4080108	PropTax-Redemption	2,952	2,000	2,121	2,000	0%
4080109	Property Tax-Prior Unsecured	2,480	3,000	3,863	3,000	0%
4089901	Other Federal	154	150	150	150	0%
4119940	Other State	217	300	432	300	0%
Subtotal Revenue		5,158,018	5,146,751	5,331,268	5,315,250	3%
4700001	Property Tax Transfer	(271,548)	(3,009,573)	(1,967,000)	(3,633,135)	21%
Net Revenue		4,886,470	2,137,178	3,364,268	1,682,115	-21%
Expense						
5010200	Salaries	1,526,167	1,800,921	1,739,650	2,044,287	14%
5020000	Benefits	952,015	1,005,800	802,402	1,138,001	13%
5030301	Consultant Services	86,368	206,000	115,363	212,180	3%
5030304	Prof Svcs - Legal	15,999	103,000	89,721	150,000	46%
5030305	Prof Svcs - Audit	35,898	37,693	37,000	45,000	19%
5049901	Office Supplies	3,035	13,390	6,979	13,800	3%
5049902	Small Furn/Equip	10,193	10,300	9,006	10,600	3%
5049903	Software Maintenance	90,751	90,000	78,723	92,700	3%
5049904	Copier Suppl & Srv	8,286	10,017	8,420	10,300	3%
5049905	Postage	1,062	3,377	2,247	3,500	4%
5049906	Computers	9,282	22,145	16,790	22,800	3%
5049911	COVID-Supplies and Cleaning	561	-	-	-	-
5050201	Communication - Phone	32,009	33,475	32,512	35,600	6%
5060301	Insurance - Gen Liability	63,052	72,928	84,746	115,000	58%
5090101	Memberships & Prof Dev.	34,694	53,888	53,714	85,500	59%
5090202	Mileage and Travel	413	25,750	8,507	25,000	-3%
5090801	Marketing	2,068	13,911	8,951	14,000	1%
5121200	Office Rental	140,532	146,260	150,000	183,960	26%
Subtotal Expense		3,012,385	3,648,855	3,244,731	4,202,228	15%
5100100	Salary/Benefit Transfers	(2,305,491)	(2,654,451)	(2,390,429)	(3,315,440)	25%
5100101	Transfer Overhead	(444,644)	(563,590)	(489,799)	(722,907)	28%
Net Expense		262,250	430,814	364,503	163,881	-62%

Local Service

The local service budget (Table 9) 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. 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, and Homeward Bound tickets.

The local service budget for FY 2022/23 is \$28.3 million (Table 9). It represents a 16% increase over the prior year revised budget and provide a similar level of service to the prior year. Fixed route ridership is projected at 80% of pre-COVID levels. Marin Transit is working on service adjustments to reflect ridership changes from the pandemic, respond to reductions in regional service in the highway 101 corridor, and ensure long term sustainability of services.

Services are operated under contract to Marin Airporter (Local basic and Community Shuttles) and MV Transportation (Supplemental School and Muir Woods Shuttle), and Transdev (Novato Dial-A-Ride). Local Basic and Trunk line services are also operated through an intra-agency agreement with the Golden Gate Bridge Highway and Transportation District (GGBHTD). The intra-agency agreement includes revenue sharing and the payment to GGBHTD for customer service and maintenance and security at the San Rafael Transit Center. The interagency agreement ends December 2022 and a new agreement is being negotiated. The new agreement is expected to include a significant cost increases that reflect the increasing costs for providing transit services. The purchase transportation contracts with Marin Airporter and MV Transportation are in there last options years and have also required amendments to increase labor rates and address increasing costs for vehicle maintenance. Hourly rates for services are shown in Table 8.

Table 8: Local Budget Service Levels

Service Type	FY 2022/23 Budgeted Service (Rev Hrs)	Average Contract Cost Per Hour (without fuel)	Notes
Local Basic and Trunk Line	114,200	\$135.94	Service levels are unchanged; service provide by two contractors; blended contract rate increases 18% due to anticipated increase to GGBHTD contract and increase to Marin Airporter contract.
Community Shuttles	42,000	\$112.26	Contract rate increases 39%
Supplemental School and Partnership	5,000	\$149.50	At pre-pandemic service level
Muir Woods Shuttle	6,500	\$135.90	At pre-pandemic service level
Novato Dial-A-Ride	2,400	\$79.80	Operated by paratransit contractor

Local service is funded with a combination of fare revenue, advertising revenue, Measure A/AA local sales tax funds, Transportation Development Act (TDA), State Transit Assistance (STA), and federal grants. Measure AA sales tax funds in the local budget include both sub-strategy 4.1 Local Bus funding and sub-strategy 4.4 - School Service funds for providing supplemental school service to middle and high schools. Total local sales tax revenues budgeted for local service are \$6.3 million and includes \$680,000 from the release of Measure A reserves. Measure AA funding is 25% of budgeted revenues for local service and a lower funding level to the prior year budget due to increased state funding and the expenditure of the remaining \$3.6 million in federal relief funds.

The budget includes a 94% increase in Transit Development Act (TDA) funding due to \$1.6 million in carryforward funds, strong growth of baseline funding and \$3.0 million increase in the District allocation share based on ridership and service (see page 11 for additional discussion).

Fare revenues are budgeted based on ridership and average fare per passenger. FY2022/23 ridership is expected to be 80% of pre-pandemic levels. Marin Transit also provides two major 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. The low-income youth fare program is budgeted to distribute \$500,000 in free fares and Measure B funds up to \$80,000 in free fares through the Homeward Bound program.

Figure 6: Local Revenue Service Hours by Program

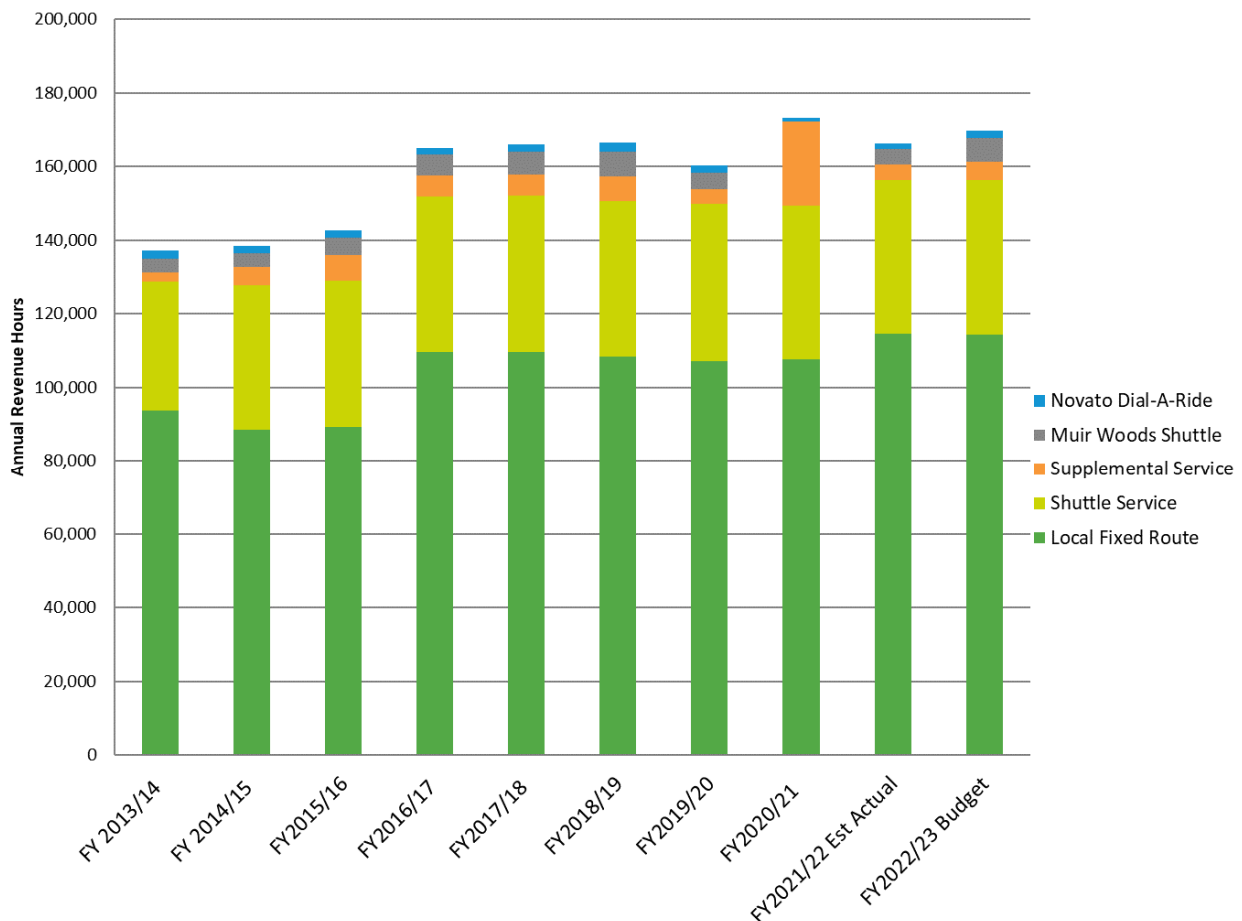


Figure 7: Local Passenger Trips by Program

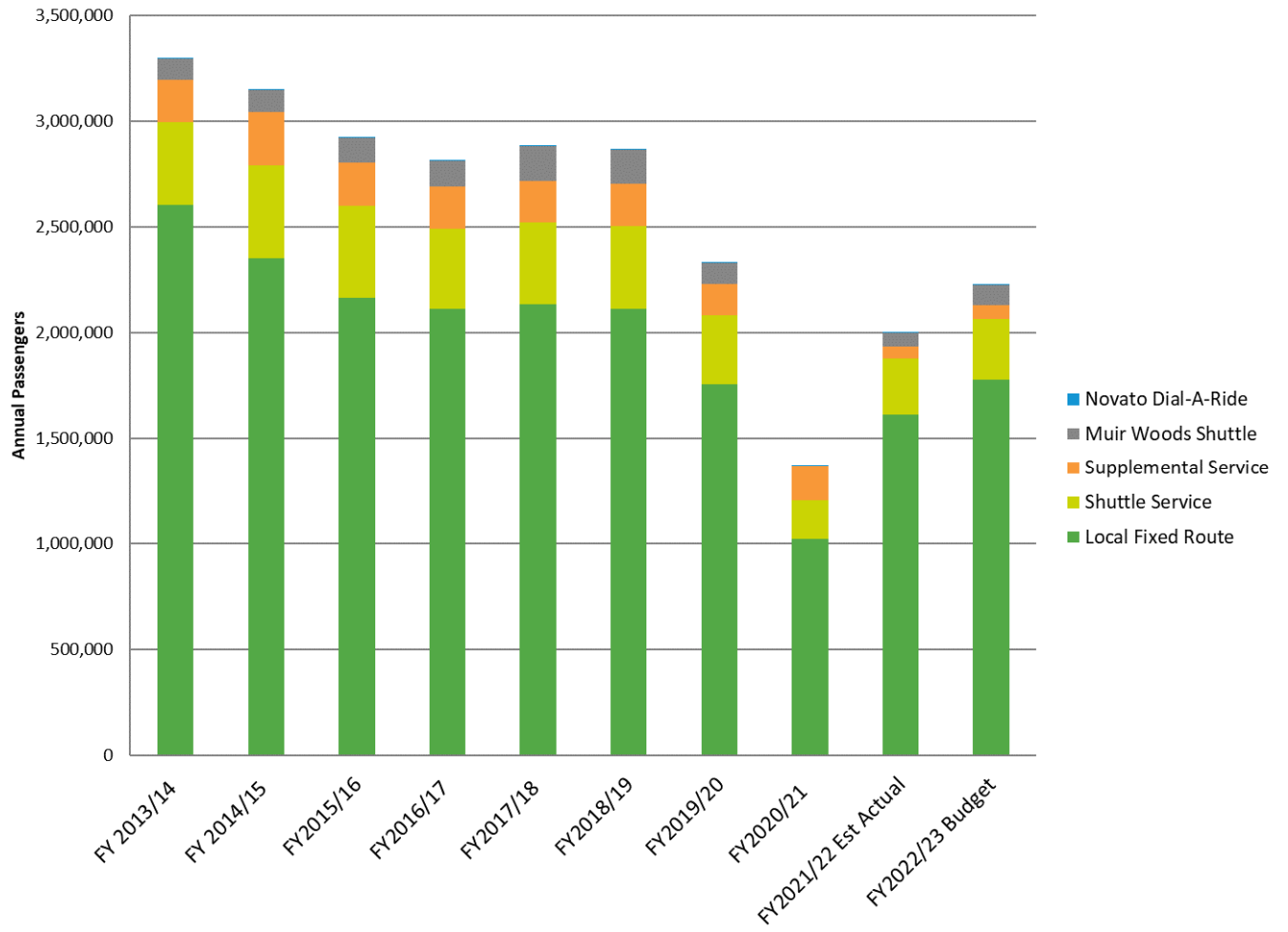


Table 9: Local Service Budget

		FY 2021 Actual	FY2022 Budget- Revised	FY 2022 Estimated Actuals	FY2023 Budget	% Δ From FY 2022 Budget
Revenue						
4060301	Advertising Revenue	201,573	273,712	172,096	83,500	-69%
4070301	Lease of Property	165,835	336,735	399,696	120,000	-64%
4092001	Measure A Sales Tax	944,535	0	0	680,000	-
4092005	Measure AA Sales Tax	6,979,897	8,680,992	3,964,930	6,309,950	-27%
4110101	State Transit Assistance (STA)	1,620,205	2,324,860	2,540,376	2,952,985	27%
4110102	Transit Development Act (TDA)	3,817,097	5,871,942	6,565,228	11,411,858	94%
4119911	State SREC Credits	14,010	16,000	13,857	16,000	0%
4139910	Fed-FTA 5307	70,520	0	0	0	-
4139912	Fed-FTA 5307 Relief Funds	6,760,570	3,654,814	6,654,814	3,589,000	-2%
4139951	National Park Service	14,177	418,544	285,916	564,764	35%
4140100	Fare Revenue	1,270,458	1,563,217	1,660,355	1,812,000	16%
4020000	Special Fares - Paid by Ext Agency	198,763	556,323	377,300	561,475	1%
Subtotal Revenue		22,057,640	23,697,139	22,634,568	28,101,532	19%
4700001	Property Tax Transfer	6,045	300,000	-	128,135	-57%
4700002	Program Revenue Transfer	33,412	80,000	40,658	80,000	0%
Total Revenue		22,097,097	24,077,139	22,675,226	28,309,667	18%
Expense						
5030301	Consultant Services	97,394	210,000	70,037	216,300	3%
5030310	Fare Processing Charges	14,679	18,035	19,376	22,000	22%
5030320	Customer Service	352,011	338,910	501,590	600,000	77%
5030602	Custodial Service	0	68,291	43,205	71,190	4%
5030701	Security Services	220,501	298,324	301,609	303,298	2%
5040101	Fuel	1,451,828	2,265,407	1,982,546	2,384,564	5%
5040160	Electrical Power	40,695	120,000	58,277	210,000	75%
5040180	Utilities (facility)	0	35,000	24,542	36,050	3%
5049902	Small Equipment	1,586	10,000	11,018	10,000	0%
5049904	Software	38,188	43,260	77,609	47,058	9%
5049911	COVID-19 Supplies and Cleaning	173,290	244,927	85,532	0	-100%
5050205	Communication	108,810	128,454	209,197	152,852	19%
5080101	Purchased Transportation	17,718,445	18,374,221	17,529,069	21,779,865	19%
5090801	Marketing	60,229	90,000	30,548	92,520	3%
Subtotal Expense		20,277,656	22,244,829	20,944,155	25,925,697	17%
5100100	Salary/Benefit Transfers	1,541,638	1,801,776	1,490,622	2,021,712	12%
5100101	Overhead Transfer	277,803	307,752	305,428	346,259	13%
Total Expense		22,097,097	24,354,357	22,740,205	28,293,668	16%

Yellow Bus Service

Marin Transit strives to provide fixed route service to high schools in the urbanized areas of Marin County, but recognizes school transportation for younger students, and in rural areas, is often more appropriate for yellow school bus service. Measure AA designated resources from the local sales tax measure to help fund yellow bus services. The FY2022/23 budget (Table 10) includes revenue and expenses associated with the operations of following components to support yellow bus service:

- (A) Operation of the Ross Valley yellow bus program at pre-pandemic services levels;
- (B) Distribution of Measure AA funding to existing eligible Marin County Yellow Bus Programs; and
- (C) General staffing support for the development of yellow bus services in Marin County.

(A) Management of the Ross Valley yellow bus program - In FY 2022/23 Marin Transit anticipates continuing to manage operations, service contracts, and pass sales for five yellow buses serving Ross Valley schools. Annually, Marin Transit makes several assumptions to develop the budget and price the passes for the upcoming school year and presents a draft and final budget to the Ross Valley Yellow School Bus program Joint Exercise of Powers Authority (JEPA) for its review and approval. These assumptions may need to be adjusted as additional information on service levels, pass prices and contributions from other local agency partners such as the County of Marin, the Town of San Anselmo, and the Town of Fairfax are finalized.

(B) Distribution of Measure AA funding to existing Marin County yellow bus programs - With the passage of Measure AA, a new sub-strategy for school transportation was established. After an initial three-year distribution program, the Marin Transit Board adopted guidelines for a second three-year program at the April 2022 board meeting and is expected to approve distribution amounts at the June 2022 board meeting. The budget includes preliminary numbers based on the distribution of \$750,000 per year to the following school districts:

- Reed Union/Cove
- Ross Valley
- San Rafael School District
- Miller Creek
- Sausalito/Marin City (potential new program)

(C) General staffing support for the development of yellow bus service in Marin County- Marin Transit will continue to document need, facilitate, and provide planning support for new service, and help develop and sustain yellow bus service in Marin County. This includes activities paid for by the Tiburon Peninsula Traffic Relief JPA to support the Reed Union School District bus program, shown as Local Government Payment. Since daily service monitoring ended in December 2021, the cost to support the Reed Union School District have decreased significantly.

Table 10: Yellow School Bus Service Budget

		FY 2021 Actual	FY2022 Budget- Revised	FY 2022 Estimated Actuals	FY2023 Budget	% Δ From FY 2022 Budget
Revenue						
4030000	Fares- Paid By Other Agency	0	151,000	151,000	171,000	13%
4090101	Local Government Payments	0	109,677	76,216	24,840	-77%
4092005	Measure AA Sales Tax	261,591	613,200	909,718	750,000	22%
4140105	Fare Revenue - Yellow Bus	0	422,665	270,555	282,000	-33%
Subtotal Revenue		261,591	1,296,542	1,407,489	1,227,840	-5%
4700001	Property Tax Transfer	0	13,219	0	0	-100%
Total Revenue		261,591	1,309,761	1,407,489	1,227,840	-6%
Expense						
5030301	Consultant Services	3,600	0	4,325	5,000	-
5030310	Fare Processing Charges	1,029	19,210	19,000	19,786	3%
5030602	Custodial Service	0	2,016	1,523	2,076	3%
5049902	Small Furn/Equip	0	1,800	30	500	-72%
5049903	Software	118	0	1,218	1,500	-
5050205	Communication-AVL	0	16,327	0	0	-100%
5050206	Communication-Data	0	10,079	0	0	-100%
5080103	Yellow Bus School Service	0	682,124	506,204	597,900	-12%
5090801	Marketing	0	3,000	0	500	-83%
5098050	Grants to Yellow Bus Programs	232,085	410,406	670,338	525,000	28%
5120401	Leases and Rentals	0	26,236	25,285	26,210	0%
Subtotal Expense		236,832	1,171,198	1,227,923	1,178,472	1%
5100100	Salary/Benefit Transfers	25,184	106,584	79,080	59,297	-44%
5100101	Transfer Overhead	4,538	31,980	16,203	19,005	-41%
Total Expenses		266,554	1,309,762	1,323,206	1,256,774	-4%

Rural Service

Rural service is operated as the West Marin Stagecoach (Stagecoach) and includes northern Route 68, southern Route 61, and the rural Dial-A-Ride program. The West Marin Stagecoach, Routes 68 and 61, is operated under contract with MV Transportation. The rural Dial-A-Ride service is operated by Marin Transit’s paratransit contractor, Transdev.

Since most of the Rural service provides lifeline connections to rural communities, these services continued to operate throughout the COVID-19 pandemic. In September 2020, Marin Transit added 1,050 service hours to Route 61 to convert the seasonal peak/off-peak schedules to a consistent year-round schedule at the historic peak service level. This service increase continued in FY2021/22. These hours allowed more service and capacity during times when overcrowding was experienced on the service due to a combination of smaller vehicles and passenger load limits on this route.

There are no longer capacity limits on buses and ridership patterns have stabilized. The District is scheduled to return Route 61 closer to historic service levels starting in June of 2022. The District plans to continue slightly higher weekday service levels during the summer peak months to support higher ridership during this time of year. In total, Budget Rural service hours are 3,000 hours or 15% lower than the prior fiscal year (Table 11, Figure 8). The FY2022/23 budget includes operation of the Rural Dial-A-Ride at current service levels. This includes one round trip per week from Tomales and Dillon Beach to Petaluma and two round trips per month from Point Reyes to Novato.

Figure 8: Rural Service Level and Ridership Trends

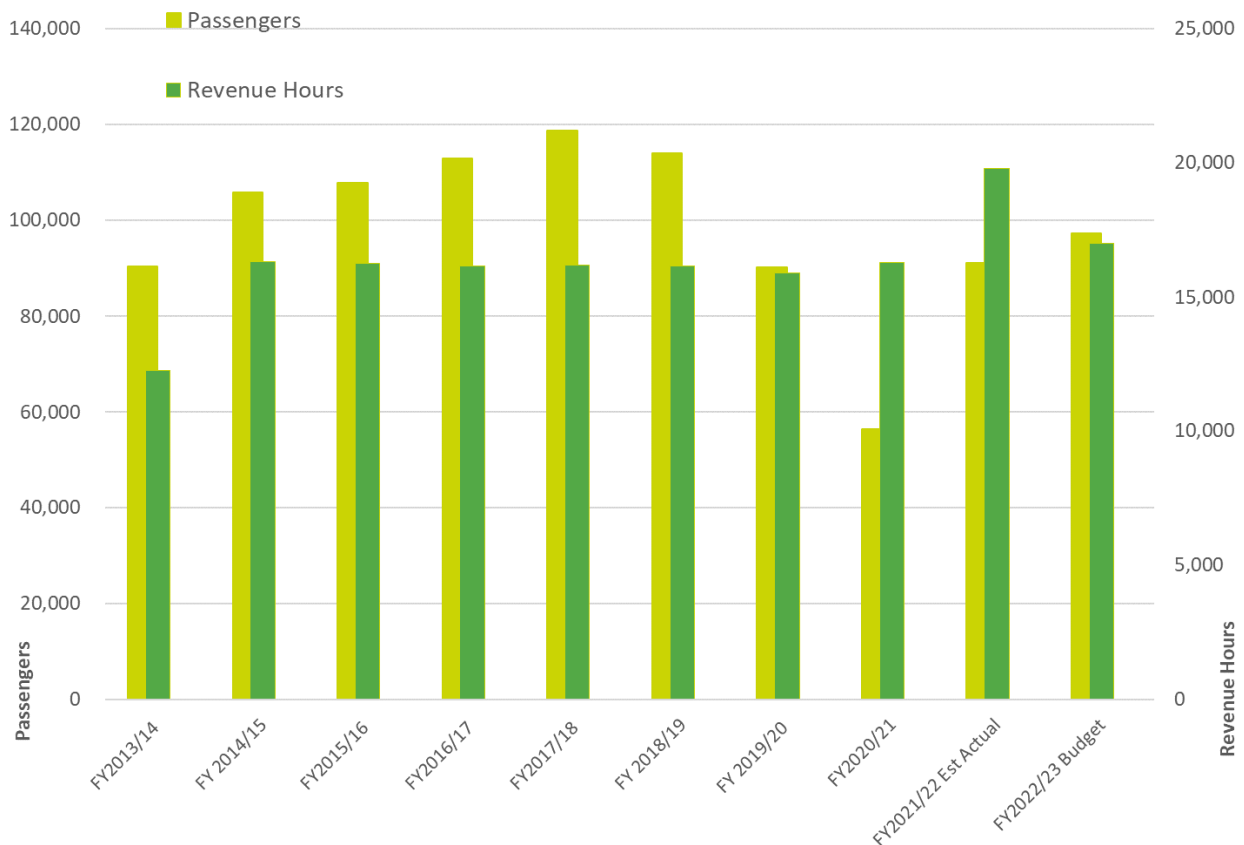


Table 11: Rural Budget Service Levels

Service Type	Service Level (Revenue Hours)	Contract Cost Per Hour (without fuel)	Notes
West Marin Stagecoach	17,000	\$103.59	Return to pre-COVID service level after temporary increases to address capacity restrictions.
Rural Dial-A-Ride	400	\$134.33	Continue service twice a month between Point Reyes and Novato and weekly between Dillon Beach/Tomales and Petaluma

The rural service budget (Table 12) includes contract service operations, marketing, fuel, communications, and Marin Transit staff expenses. Rural service is funded with a combination of local sales tax funds and Federal Transit Administration (FTA) Section 5311 rural funding. Fare revenue is projected to be 92% of pre-pandemic levels as riders return to transit. Marin Transit receives the same 3% annual allocation of local sales tax funds for Rural service under Measure AA as Measure A.

Table 12: Rural Service Budget

		FY 2021 Actual	FY2022 Budget-Revised	FY 2022 Estimated Actuals	FY2023 Budget	% Δ from FY2022 Budget
Revenue						
4092001	Measure A Sales Tax	27,059	0	0	325,387	-
4092005	Measure AA Sales Tax	564,320	664,630	664,630	1,131,141	70%
4139920	Fed-FTA 5311 Rural	228,695	231,649	308,000	297,303	28%
4139951	Fed-FTA 5311 Relief Funds	800,000	523,877	523,877	0	-100%
4140100	Fare Revenue	52,419	81,474	91,844	100,706	24%
Subtotal Revenue		1,672,493	1,501,630	1,588,351	1,854,537	24%
4700001	Property Tax Transfer	258,925	1,158,429	820,000	600,000	-48%
Total Revenue		1,931,418	2,660,059	2,408,351	2,454,537	-8%
Expense						
5030301	Consultant Services	8,090	15,914	7,689	16,391	3%
5040101	Fuel	158,951	257,829	330,390	396,468	54%
5049902	Small Equipment	1,642	5,000	0	5,000	0%
5049911	COVID-19 Supplies and Cleaning	5,014	13,073	207	0	-100%
5050205	Communication-AVL	12,887	18,182	12,454	15,000	-18%
5050206	Communication-Data	697	1,126	0	0	-100%
5080101	Purchased Transportation	1,624,308	1,912,025	1,857,220	1,814,694	-5%
5090801	Marketing	6,197	20,000	8,290	20,600	3%
Subtotal Expense		1,817,786	2,243,149	2,216,250	2,268,153	1%
5100100	Salary/Benefit Transfers	96,282	124,348	99,469	138,360	11%
5100101	Transfer Overhead	17,350	37,310	20,381	44,345	19%
Total Expenses		1,931,418	2,404,807	2,336,100	2,450,858	2%

Marin Access (Paratransit and Mobility Management)

The Marin Access budget includes Marin Access paratransit services for both local and regional trips and associated costs for fuel, customer service, scheduling and dispatch software, and marketing. The Marin Access budget also includes Marin Transit’s Mobility Management programs and services. The purpose of the Mobility Management program is to increase mobility for the County’s older adults and those with disabilities in need of transportation services and provide cost effective and improved alternatives to paratransit. The program goes beyond the legal requirements of the Americans with Disabilities Act (ADA) using funding from local Measure B and Measure AA. The Mobility Management services (Table 13) include the Catch-A-Ride subsidized taxi program, volunteer driver reimbursement programs, the “Marin Transit Connect” on demand service, the Travel Navigator eligibility and information center, and travel training.

The FY 2022/23 budget for Marin Access (Table 14) is \$8.3 million, a 20% increase compared to the prior year budget. Based on projected demand for services, the budget includes a 34% increase in paratransit service hours over currently operated hours. The budgeted paratransit service hours are 73% of pre-COVID levels. The prior year budget (FY2021/22) was for 70% of pre-COVID levels and the estimated actuals for that year are the operation of 51% of pre-COVID levels (Figure 9). Table 13 include the budget service level for all programs and the program details are included starting on page 34.

Figure 9: Marin Access Revenue Hours by Program

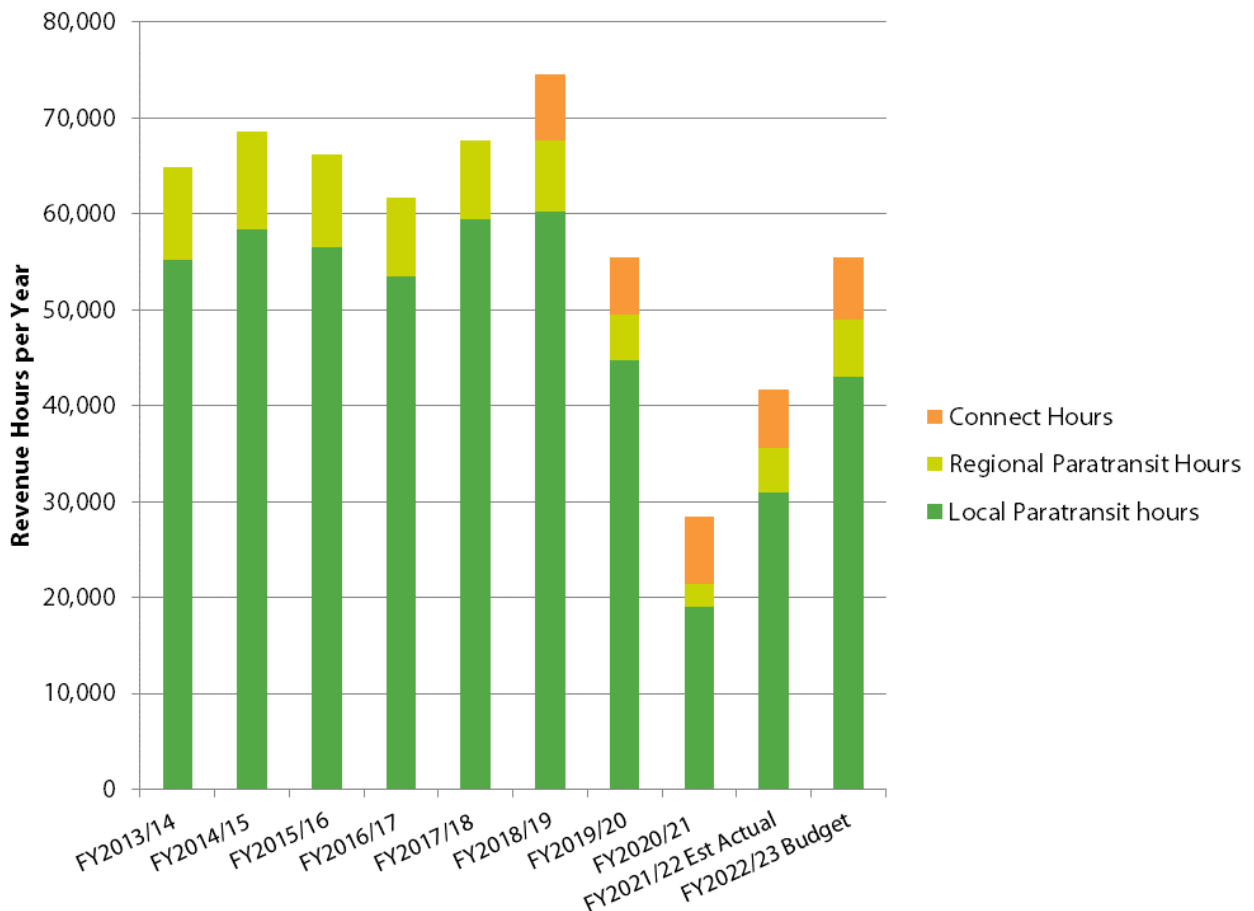
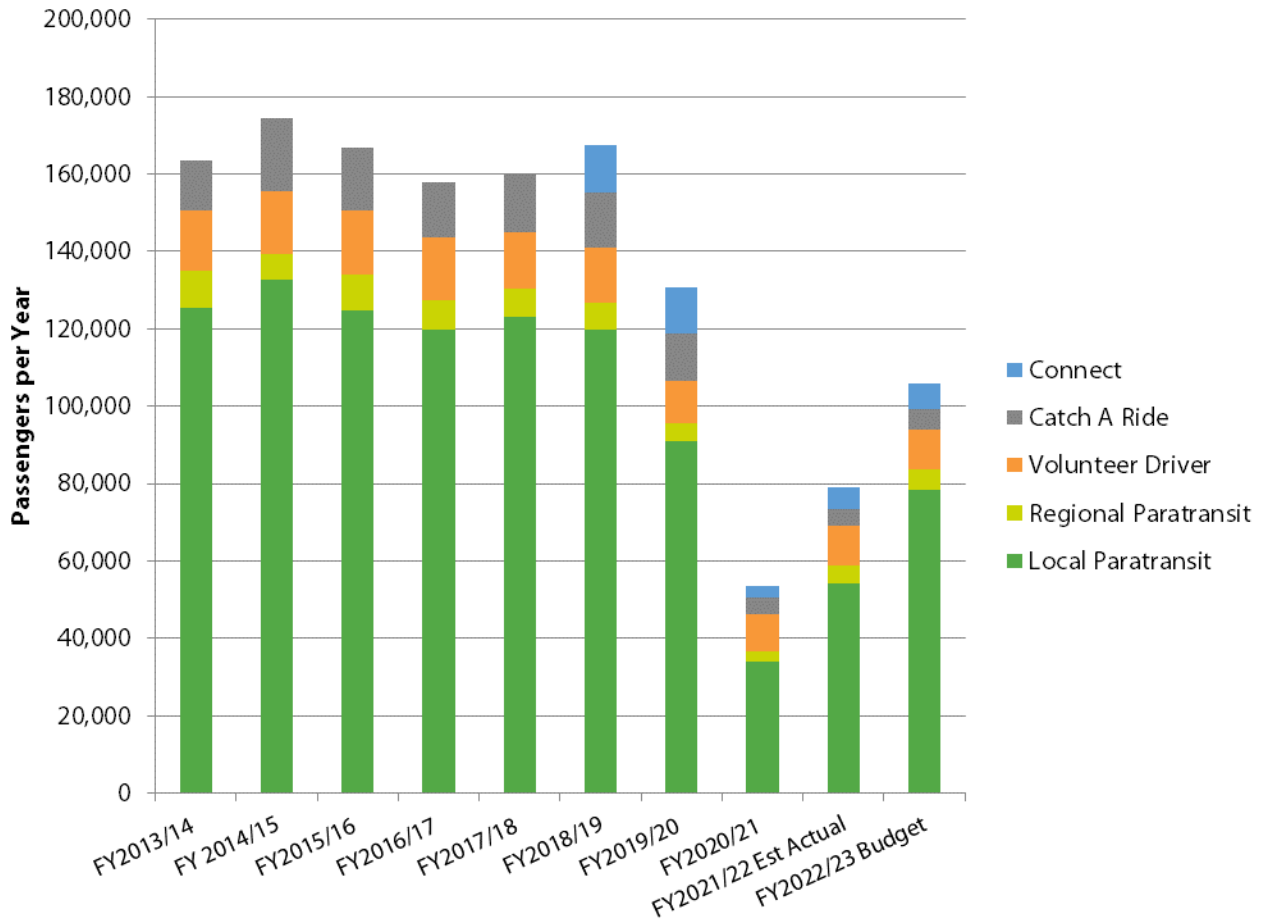


Figure 10: Marin Access Passengers by Program



Marin Transit initiated a new competitively bid contract for the operations of Marin Access services and programs on February 2022. The new contract has a fixed and variable price structure with tiered rates based on service levels, and costs increased significantly due to labor market and inflation pressures. Assuming operation in Tier 3 (42,000 – 54,000 annual hours), the effective hourly rate for local paratransit increases 30%. Due to changes in the contract structure, the effective regional paratransit hourly rate decreases 27%. While the cost per hour for demand response services has increased, the lower demand for services since the start of the pandemic combined with growth in local sales tax revenue minimizes financial pressure in the Marin Access Budget.

The FY2022/23 budget continues to include the direct facility costs for the operation of the new Marin Access Operations & Maintenance facility at 3000 Kerner Boulevard in San Rafael. The budget for fuel costs increases 53% to allow for both the budgeted increase in service hours and a potential increase of 20% in fuel prices to accommodate the volatility of fuel prices.

Table 13: Marin Access Budget Service and Program Levels

Service Type	Service Level (Revenue Hours)	Contract Cost Per Hour (without fuel)	Notes
Local Paratransit	43,000	\$107	Budgeted hours increase 34% over prior year estimated actual; 73% of pre-COVID service demand.
Regional Paratransit	5,000	\$109	Effective hourly rate decreases from \$149, fully funded by GGBHTD
Connect (Pilot)	6,500	\$110	Same day accessible service with limited service area near the 101 Corridor in Marin County.

Service/Program	Service Level (Projected Ridership)	Funding Level	Notes
Catch A Ride	3,700	\$360,000	Passenger demand projected at 30% of the pre-COVID level, partially funded with Measure B.
Volunteer Driver	10,000	\$100,000	Program at similar service level to pre-COVID demand. Fully funded by Measure B.
Innovation Incubator / Gap Grants	NA	\$90,000	Provides support to external agencies for innovation projects; program has been on hold due to the pandemic
Low Income Fare Assistance Program	NA	\$85,000	Provides fare assistance for low-income riders. Fare assistance is funded with Measure B.

Marin Access Revenue

Marin Access programs are primarily funded by local sources including Measure AA, Measure B and property tax. Marin Access receives 9.5% of Measure AA sales tax revenue and TAM’s increased allocations of sales tax revenue increases this from around \$2.0 million per year to \$2.7 million. This fiscal year, Marin Transit has \$4.2 million in Measure AA funding for expenditures due to the prior year funds available. Marin Transit receives 35% of the county Measure B vehicle license fee to support the mobility management initiatives. Marin Transit is budgeting \$950,000 of Measure B funding in FY 2021/22, which includes an estimated \$192,000 in unspent prior year allocations.

Marin Transit plans to continue providing free fixed route tickets valued at \$80,000 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 Transit receives federal 5307 funding for paratransit operations. This funding increased under the new federal reauthorization bill and Marin Transit’s allocation increased by \$200,000 to \$1.03 million.

Fare revenue is budgeted to increase 40% based on anticipated ridership increases.

Table 14: Marin Access Budget

		FY 2021 Actual	FY2022 Budget- Revised	FY 2022 Estimated Actuals	FY2023 Budget	% Δ From FY 2022 Budget
Revenue						
4092001	Measure A Sales Tax	134,574	0	0	165,410	-
4092005	Measure AA Sales Tax	1,353,396	2,767,180	2,767,180	4,159,467	50%
4099950	Measure B	910,679	944,943	932,057	950,000	1%
4110101	State Transit Assistance	60,000	60,000	60,000	60,000	0%
4119910	State Prop Tx Relief HOPTR	18,541	16,000	5,524	16,000	0%
4139910	Fed-FTA 5307 Urbanized Area Formula	697,574	802,802	802,802	1,039,640	30%
4139914	Fed-FTA 5307 Relief Funds	559,614	0	0	0	-
4139915	Fed-FTA 5310 Mobility	90,561	81,400	89,284	0	-100%
4140100	Fare Revenue	133,137	242,900	227,501	318,964	31%
4601003	GGBHTD – Local Paratransit Payment	693,171	527,331	801,803	879,922	67%
4601004	GGBHTD – Regional Paratransit Payment	574,164	705,473	706,968	633,569	-10%
Subtotal Revenue		5,225,411	6,148,029	6,393,119	8,222,972	34%
4700001	Property Tax Transfer	0	784,361	297,000	455,000	-42%
4700002	Program Revenue Transfer	(33,412)	(80,000)	(40,658)	(80,000)	0%
Total Revenue		5,191,999	6,852,390	6,649,461	8,597,972	25%
Expense						
5030301	Consultant Services	52,250	83,900	80,040	84,827	1%
5030320	Customer Service	329,556	230,728	339,432	72,695	-68%
5030602	Custodial Service	0	20,000	2,766	24,000	20%
5040101	Fuel	239,647	478,197	462,683	744,253	56%
5040160	Utilities (Facility)	0	30,000	20,000	30,000	0%
5049902	Small Furn/Equip	0	10,000	34	10,000	0%
5049903	Software	166,425	178,064	117,924	182,434	2%
5049911	COVID-Supplies and Cleaning	40,395	84,000	1,914	0	-100%
5050204	Communication-MERA Radio	20,204	22,246	26,085	27,035	22%
5050206	Communication-Data	13,948	35,000	3,598	18,000	-49%
5080101	Purchased Transportation - In Report	3,327,108	4,836,797	4,434,646	5,737,163	19%
5080102	Purchased Transportation - Regional	551,131	616,274	663,352	566,158	-8%
5090801	Marketing	27,738	51,500	3,818	35,000	-32%
5098001	Misc-Exp Transit User Training	0	12,360	5,000	12,731	3%
5098002	Gap Grant	0	80,000	0	90,000	13%
Subtotal		4,768,402	6,769,066	6,161,292	7,634,296	13%
5100100	Salary/Benefit Transfers	358,919	355,281	405,597	494,144	39%
5100101	Transfer Overhead	64,677	106,599	83,107	158,376	49%
Total Expense		5,191,998	7,230,946	6,649,996	8,286,816	15%

In FY 2022/23, Marin Transit expects to expend the following state and federal grant awards for Marin Access:

FY2022/23 Expenditure	Total Grant Award	Program	Source
\$1,039,640	\$1,039,640	Paratransit Operations	Federal Section 5307

Marin Transit has three open applications for FTA Section 5310 funding to support the mobility management programs. These grants have not yet been awarded.

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 (currently 24%). The agency share for local paratransit is calculated based on each agency's relative fixed route bus trips with complementary paratransit obligations. GGBHTD share for local paratransit may be renegotiated and effect the payments for the second half of the fiscal year. GGBHTD now pays a lower amount for regional paratransit service since the new purchased transportation contract for paratransit operations normalized the regional paratransit hourly service rate to be the same as local paratransit. 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.

Program Details

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 federal Americans with Disabilities Act (ADA) as well as trips that go beyond the ADA requirements. This service, and a regional paratransit service managed on behalf of GGBHTD, are operated under a single contract to Transdev.

The ***Connect pilot program*** started a new phase of the pilot beginning July 1, 2020. Connect provides same-day on demand services in a limited service area along the Highway 101 corridor within 2.5 miles of SMART stations. The program provides two accessible vans on weekdays that are operated by the paratransit contractor and scheduled and dispatched through the UBER platform. The program budgets for 6,500 hours and is projected to provide 6,500 passengers trips in FY2022/23. While focused on Marin Access riders, Connect is also intended to provide first-last mile connections to SMART through employer partnerships. Evaluation of this pilot has been extended due the COVID-19 pandemic.

Marin Transit's ***volunteer driver programs*** allow Marin County residents that are 65+ or ADA eligible to identify trusted drivers and provide mileage reimbursements for up to 100 miles per month in urbanized Marin (STAR program) or 400 miles in West Marin (TRIP program). In FY2020/21, the reimbursement rate for the volunteer driver programs was increased from \$0.35 to \$0.60 per mile. Staff projected the increased reimbursement rate would lead to an increase in program participation, but the impact is unclear due to the drop in ridership related to the COVID-19 pandemic. While there are currently fewer riders, the remaining riders have reported that they appreciate the rate increase and they have increased their trip making and subsequent reimbursement requests up to the new allowable monthly mileage limits.

Catch-A-Ride is a subsidized taxi program for Marin County residents that are 65+ or ADA eligible. Riders can take up to 10 trips per month at a subsidy of up to \$14 per trip after paying a base fare of \$4. Catch-A-Ride trips are scheduled and dispatched through Marin Transit's contractor and provided by local Marin County taxis. In FY2020/21, the base fare of \$4.00 was added to the Catch-A-Ride fare as part of the Marin Access fare restructuring and staff anticipated program usage would decline. FY2020/21 ridership did decline (64% from FY2019/20), but most of the decline is likely attributable to the COVID-19 pandemic. In FY2022/23, staff will continue to monitor Catch-A-Ride usage and evaluate the impact of adding the base fare and identify opportunities to streamline operations.

Regional paratransit, fully funded by GGBHTD, service demand has recovered significantly from declines at the start of the pandemic. The FY 2022/23 budget includes 5,500 revenue hours for regional paratransit service which is 80% of the pre-COVID demand. Under the new Marin Access purchased transportation contract the costs for regional paratransit decreased significantly.

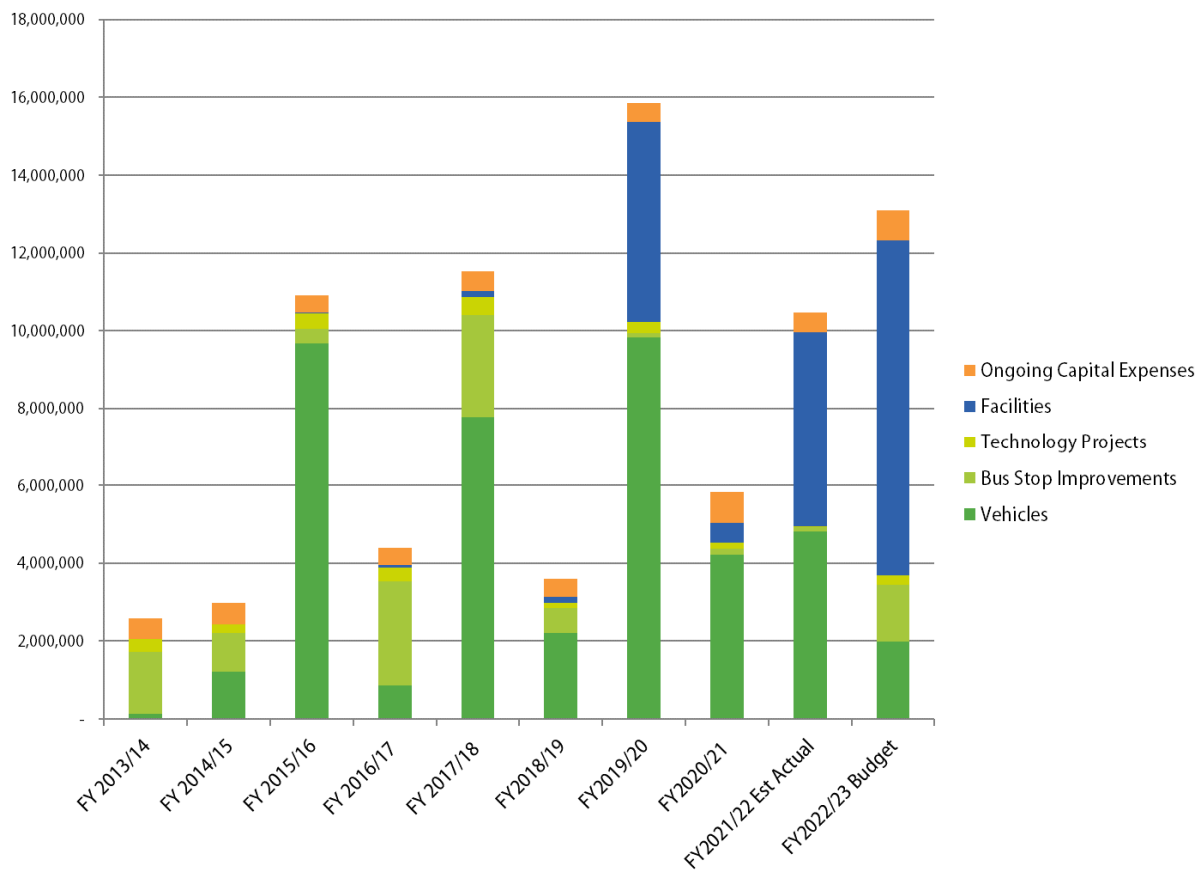
Mobility Management

Marin Transit established the Mobility Management Office in 2009, with initial funding from a Federal New Freedom Grant. The program has continued to receive Federal Section 5310 grants to fund staffing costs. Marin Transit established the Marin Access Travel Navigator program in 2010, as a one-stop-shop for information and eligibility on all Marin Access programs. The Mobility Management Office serves as an umbrella for paratransit, volunteer driver, a subsidized taxi program (Catch-A-Ride), and travel training. Travel training activities include local informational presentations and individualized travel training. There are currently two full-time Travel Navigators and one full-time Travel Navigator Coordinator.

Capital Budget

Marin Transit’s annual capital budget (Table 15) of \$13.1 million provides funding for transit vehicles, bus stop improvements, transit technology projects, and other capital expenses. Figure 11 provides capital expenditures and budget by project type to show the significant variation in expenditures by year. Marin Transit successfully purchased a two-and-a-half-acre parcel (Rush Landing) in FY2019/20 and a paratransit maintenance facility in San Rafael in FY2021/22. These purchases will provide vehicle parking for only a portion of the fleet and a maintenance facility location only for the paratransit service. Additional facilities and facility improvements are needed to meet zero emission fleet requirements and accommodate Marin Transit’s full parking and maintenance needs. Marin Transit is actively purchasing right-of-way for additional transit bus parking and the budget includes the larger facility project needed for installation of electric vehicle charging infrastructure and fixed route vehicle maintenance.

Figure 11: Capital Project Budget by Type



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.

The projects included in the FY2022/23 budget are 9% funded with state and federal grant funds (Table 15). This is a lower percentage than prior fiscal year due to large facility projects that are primarily funded with the District's capital reserves. In the budget year, 17% of capital funds are from state and federal grants. The budget includes the expenditure of \$2.9 million capital reserves (prior year property tax revenues) to fund facility improvements and purchase of additional land for vehicle parking. The annual Measure AA allocation to bus and bus facilities is \$1.1 million and the budget includes the expenditure of \$1.4 million in unspent Measure A funds from prior years. The yellow bus facility project is partially funded with Measure A interest funds.

Vehicles

Purchase Five Paratransit Replacements – Accessible Vans (PD) – Marin Transit will purchase five paratransit vans to replace existing vehicles. An additional ten vehicles are eligible for replacement but are being deferred due to lower paratransit demand and therefore less vehicle use and need during the pandemic. Marin Transit is replacing these cutaway vehicles with accessible vans since a smaller vehicle size allows more maneuverability and is more fuel efficient than the larger cutaways. The vehicles are 80% funded with Section 5307 funds with a local match from Measure AA local sales tax funds. Marin Transit executed the purchase order for these vehicles in FY2021/22, but supply chain issues prevented delivery and the vendor is unable to fulfill the contract. A new purchase contract will be needed when vehicles are available.

Purchase One Electric Paratransit Vehicle (PE) – Marin Transit will purchase one electric paratransit vehicle and associated charging infrastructure. This project is funded with State Low Carbon Transit Operations Program (LCTOP) funding.

Purchase Five Paratransit Replacements – Cutaways (PF) – Marin Transit will purchase five paratransit vehicles to replace vehicles beyond their useful life. The vehicles are 80% funded with Section 5307 funds with a local match from Measure AA local sales tax funds.

Hybrid Battery Replacement (HY) – Marin Transit will make mid-life replacements of batteries of seven 2015 40ft hybrid electric vehicles in accordance with industry practice. These vehicles are currently operated by Marin Airporter. The battery replacements are 80% funded with Section 5307 funds with a local match from Measure AA local sales tax funds.

Staff Car (NR) – Marin Transit will purchase an electric staff car to replace the retired active vehicle. This project was delayed from FY2020/21 since staff were working remotely during the COVID-19 pandemic. This project is funded with State Transportation Act (STA) revenue based funds.

Bus Stop Improvements

Novato Bus Stop Shelters (BN) – Marin Transit will purchase up to eight shelters to replace existing advertising shelters that are out of contract in Novato. The new shelters will be lower maintenance with perforated metal walls instead of glass. Regular maintenance of the installed shelters is included in Bus Stop Maintenance. This project is 80% funded with federal funds through the regional Lifeline program and matched with local Measure AA sales tax funding.

ADA Bus Stop Improvements (BP) – Marin Transit will complete construction of bus stop improvements at up to 20 stops in Marin County. The stops were identified for improvement after a 2017 Bus Stop Conditions assessment and

100% stop level survey of ridership. They were prioritized by need for accessibility improvements, ridership, and lack of amenities. Improvements will be focused on providing ADA wheelchair landing pads and basic passenger amenities. The construction of this project is 80% funded with Federal funds awarded to Marin Transit through the regional Quick Strike Program.

Administrative and Operations Facilities

Facility Improvements -Rush Landing (FS) – In FY2022, Marin Transit will finish improvements to the Rush Landing parking facility including new fencing, landscaping and other security features. This project is funded with Measure AA and local property tax revenue.

Facility Improvements – Kerner Blvd (FD) – This project provides basic facility improvements at the new paratransit maintenance site. Improvements include fencing, lighting, and upgrades to the building to allow for vehicle maintenance and provide an accessible office space. The majority of improvements were completed in FY2021/22. Work in FY2022/23 will include finishing work and project closeout.

Parking Facility ROW – (FE) – This project was initiated in FY2021/22 for the purchase of additional ROW for vehicle parking. The project is funded with a combination of current year property tax funding and capital reserve funding. (prior year local property tax).

Fixed Route maintenance Facility (FD) – The District is actively applying for grants for the larger facility needed for electrification and sustainable operations. This is a multi-year project with project initiation work in FY2022/23.

Yellow Bus Parking Facility (YF)- The District currently leases a parking lot for 16 yellow buses, but the future of this lease is unknown. This project is for the purchase of a parking site for yellow buses and is funded with \$1.1 Million in Measure A interest and \$1.9 million in capital reserve funding (prior year local property tax).

Technology Projects

On Board Vehicle Equipment – This project will fund the replacement of on-board vehicle equipment that is experiencing high failure rates. This includes equipment for Automated Vehicle Location (AVL), automatic passenger counting (APCs), and onboard monitoring devices (cameras). This project is funded with Measure AA sales tax funding.

Other Measure A/AA Capital Expenses

Other capital and infrastructure expenses include; 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 15: Capital Budget by Project

		Total Project Budget	Prior Year Expenditures	FY2022/23 Budget	Future Years	Measure AA/Local Funding	State Funding	Federal Funding
PD	Purchase 5 paratransit replacements (vans)	505,000	8,000	497,000	0	20%	0%	80%
PE	Electric Paratransit Vehicle and Charging Infrastructure	677,208	0	677,208	0	0%	100%	0%
PF	Purchase 5 paratransit replacements	515,000	0	515,000	0	20%	0%	80%
HY	Hybrid Battery Replacements	300,500	50,500	250,000	0	20%	0%	80%
NR	Staff Car	49,000	1,000	48,000	4,000	8%	92%	0%
Subtotal Vehicles		2,046,708	59,500	1,987,208	4,000	13%	35%	52%
BN	Novato Bus Stop Shelters	61,115	900	60,215	0	20%	0%	80%
BP	ADA Bus Stop Improvements	1,703,000	303,000	1,400,000	0	20%	0%	80%
Subtotal Bus Stop Improvements		1,764,115	303,900	1,460,215	0	20%	0%	80%
FS	Facility - Rush Landing Improvements	2,800,000	1,262,043	1,537,957	0	96%	0%	4%
FD	Facility - Kerner Improvements	1,100,000	970,000	130,000	0	100%	0%	0%
FE	Facility - Parking Facility ROW	3,850,000	200,000	3,650,000	0	100%	0%	0%
FG	Facility - Fixed Route Maintenance Facility	20,000,000	0	300,000	19,700,000	100%	0%	0%
YF	Yellow Bus Parking Facility	3,000,000	0	3,000,000	0	100%	0%	0%
Subtotal Facility		30,750,000	2,432,043	8,617,957	19,700,000	100%	0%	0%
OC	On Board Vehicle Equipment	250,000		250,000	0	100%	0%	0%
Subtotal Technology Projects		250,000	0	250,000	0	100%	0%	0%
GG	Golden Gate Capital Costs (GG)	24,000	0	24,000	0	100%	0%	0%
BM	Bus Stop Maintenance (BM)	160,000	0	160,000	0	100%	0%	0%
VR	Major Vehicle Repairs (VR)	200,000	0	200,000	0	100%	0%	0%
IF	Infrastructure Support (IF)	400,000	0	400,000	0	100%	0%	0%
Subtotal Ongoing Capital Expenses		784,000	0	784,000	0	100%	0%	0%
Total Expenditures		35,594,823	2,795,443	13,099,380	19,704,000	91%	2%	7%