

Solano County Transit (SolTrans)

DATE: March 17, 2011
TO: SolTrans Board
FROM: Nancy Whelan, Transition Team Consultant
RE: Proposed FY 2012 Budget Schedule, Assumptions, and Process

Background

Nearly one year ago the SolTrans Steering Committee approved a FY 2011 operating budget for the consolidated transit agency. That budget reflected a simple combination of the Benicia Breeze and Vallejo Transit operating budgets. Both transit agencies have maintained control of their respective budgets and operations for FY 2011. A comparison of the budget to actual expenditures and revenues through November 30, 2011 was presented to the SolTrans Board on February 17, 2011. The Transition Team continues to monitor actual expenditures and revenues for the two operations and will use them as part of the basis for the FY 2012 budget.

The Transition Team is preparing for the transition of financials from the two cities to the SolTrans JPA effective July 1, 2011. The FY 2012 budget process begins with a review of FY 2010 audited actuals and FY 2011 estimated actuals and development of budget assumptions.

Discussion

Several implementation activities are required for a smooth and successful transition to financial independence for SolTrans. Key activities and the budget schedule are as follows:

ACTIVITY	SCHEDULE
Present draft FY 2012 budget to SolTrans Board of Directors	April 2011
FY 2012 budget adoption	May 2011
Approve financial services contract	May 2011
Finalize grantee status with FTA and MTC	June 1, 2011
Set up and test accounting system, based on adopted FY 2012 budget	June 1-30, 2011
Funding allocations available to SolTrans	July 1, 2011
Financial system (accounting, reporting) consolidated.	July 1, 2011

Key assumptions guiding the FY 2012 budget development are:

- Baylink Ferry service will transfer to WETA by July 1, 2011.
- SolTrans will operate from the administrative offices in the new Transit Center in Vallejo.
- FTA Section 5307 Preventive Maintenance, FTA Section 5307 10% Paratransit Set Aside and FTA Section 5311 non-urbanized area funds are assumed to remain flat.
- TDA, STAF, and RM-2 revenues are based on MTC projections.
- Intercity funding is provided by jurisdictions served by intercity routes operated by SolTrans based on a formula in the Intercity Transit Funding Agreement. Revenues will be estimated based on the results of the formula.

- Other revenues include leases, advertising and miscellaneous income and will be escalated at 3% annually, unless better estimates are available.
- Bus and paratransit service hours are assumed to remain constant. Modest service changes may be implemented if the changes result in expenses within budgeted revenues.
- Fuel price per gallon is estimated to reflect current pricing; consumption is estimated to remain constant.
- General administration costs are estimated to increase by 3% annually, unless better estimates are available.
- 5.5 full time staff positions are budgeted for FY 2012.

A SolTrans Budget Policy will be considered at the March Board meeting. The policy outlines the process and procedures for development of the budget. This initial discussion is consistent with the proposed policy.

Recommendation:
Informational.