

Chapter 5: Financial Plan

Operating Budget

Marin Transit forecasts revenues and expenses for the 10-year period based on current contract rates, annual escalations, historical trends, and partner agencies' revenue projections. Marin Transit's 2012 SRTP identified that operation expenses were increasing faster than revenues and the District would need to evaluate alternative options for providing large bus service to sustain current service levels beyond FY2016/17.

Since Marin Transit operates service using contract operators, the majority of operation expenses are tied to large contracts (Table 5-1). Combined with fuel and equipment, contract operations make up 89% of District operations costs (Figure 5-1). The 10-year summary of operating expenditures and revenues are shown in Figure 5-2 alongside three years of retrospective expenses and revenues.

Table 5-1: Service Contract Summary

Service	Contractor	Term / (options)	End Date (including Options)	Annual Cost
Large Bus	Golden Gate Transit	5 year / (2-1 year)	June 2022	\$11,500,000
Community Shuttles	Marin Airporter	5 year / (2-1 year)	June 2018	\$3,000,000
Rural and Muir Woods Shuttle	MV Transportation	5 year / (2-1 year)	December 2017	\$1,200,000
Demand Response	Whistlestop Wheels	5 year / (2-1 year)	June 2015	\$5,800,000

Sixty percent of Marin Transit's fixed route service is operated by Golden Gate Transit through an intergovernmental agreement. This agreement is comprehensive in its scope, and includes operating and maintenance requirements, revenue apportionment, vehicle purchase terms, and a capital contribution. The remainder of Marin Transit's service is competitively procured using a request for proposal (RFP) process to ensure high quality service and competitive rates.

The contract with GGBHTD was due to expire in June 2015. Marin Transit and GGBHTD have worked over the last year to negotiate a new mutually beneficial agreement in order to retain the historic partnership. Marin Transit needed to ensure the new agreement addressed the sustainability of current service levels and ensured that Marin Transit has the ability to continue to improve local transit services.

Figure 5-1: 10-Year Operations Expenses by Type

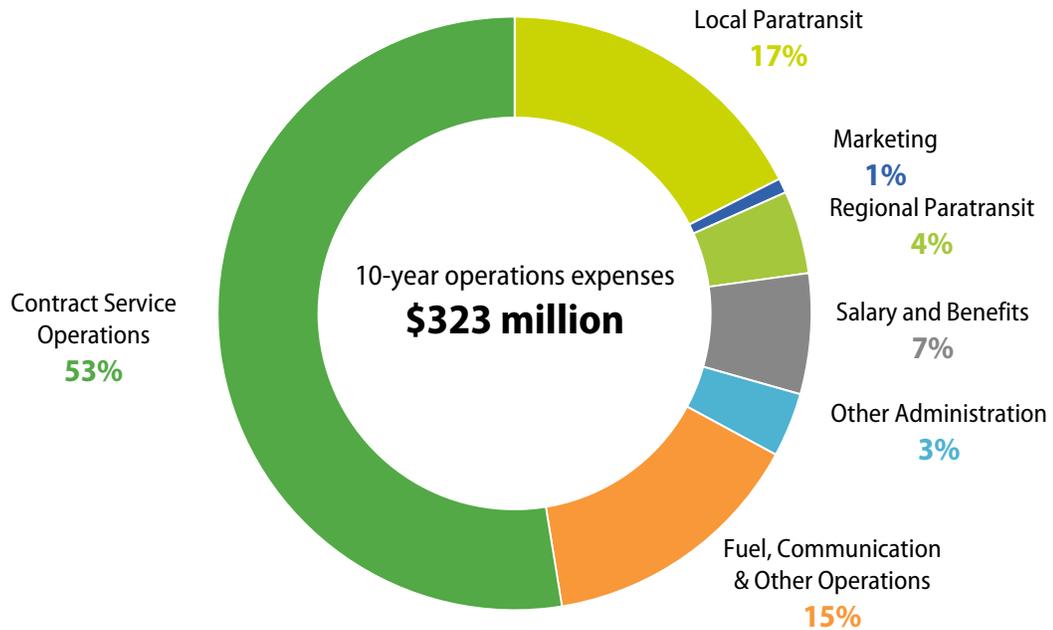
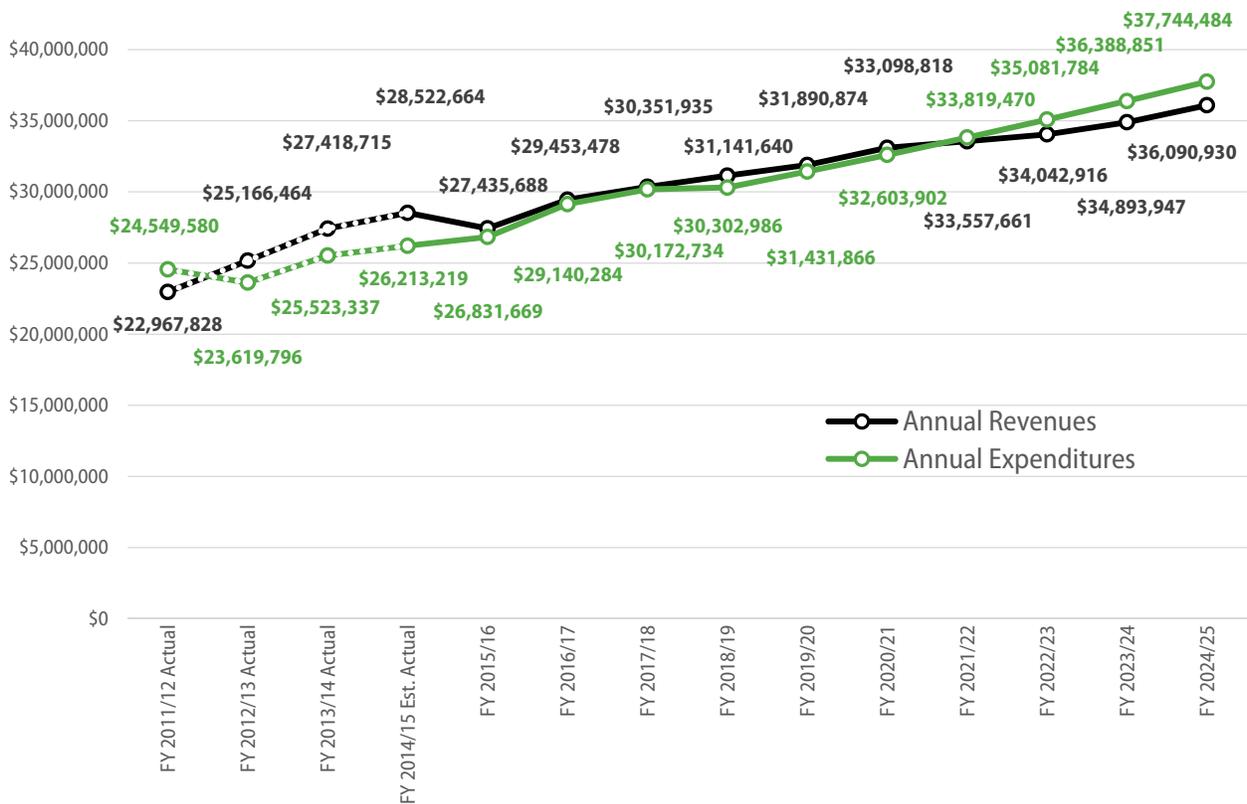


Figure 5-2: FY 2011/12-FY2024/25 Expenditures and Revenues



Marin Transit’s Board of Directors approved a renegotiated fixed route operations intergovernmental agreement with the Golden Gate Bridge & Highway Transportation District (GGBHTD) in April 2015 that will go into effect on July 1, 2015. Key features of the new contract are:

Term:	<ul style="list-style-type: none"> • Five years with 2 one-year options, commencing July 1, 2015.
Hourly Rate:	<ul style="list-style-type: none"> • \$110.00 per revenue hour. • Escalates by 2.7% annually. • Hourly rate does not include costs for fuel, capital depreciation, customer service, and San Rafael Transit Center security and utilities. Marin Transit pays for these separately.
Revenue Hours:	<ul style="list-style-type: none"> • Allows for flexibility in the number of revenue hours over the contract period. • A range of hours for each year of the period is provided. • The maximum and minimum revenue hours over the seven year period are 91,875 and 37,500, respectively.
Revenue Hour Definition:	<ul style="list-style-type: none"> • Detailed in new agreement. • Compensation issues related to definition used in FY 2012/13, FY 2013/14, and FY 2014/15 are resolved.
Intra-county Paratransit:	<ul style="list-style-type: none"> • GGBHTD will reimburse Marin Transit for the actual cost of GGBHTD’s share of intra-county ADA required paratransit trips.
Reporting and Coordination:	<ul style="list-style-type: none"> • Marin Transit will directly report required National Transit Database and State Controller’s Office data for all of its services, including those operated by GGBHTD under contract with Marin Transit. • GGBHTD regional transit services and Marin Transit’s local transit services will be coordinated. Each operator is responsible for planning, policy-making, and funding their respective services. • Details the mutual goal of cost effective transit service scheduling and outlines GGBHTD and Marin Transit staff responsibilities for scheduling.
Revenues:	<ul style="list-style-type: none"> • TDA, STA Population Share, advertising, and rental revenues are shared by a formula based 50% on hours and 50% on passengers. • Marin Transit will claim its share of TDA, STA Population Share, and STA Revenue Share directly through MTC’s annual claim process.

The new contract helps Marin Transit meet its fiscal sustainability goal of reducing the average local fixed route bus rate from \$118 per hour to \$112 per hour (including fuel) to meet financial targets over the next five years. The proposed GGBHTD contract rate including fuel is approximately \$124 per hour. When combined with the other contracted fixed route rates, the target average rate is nearly achieved with the proposed contract. When compared to an escalation of the current contract rate, the new contract provides a six percent savings in expenses and the flexibility to reduce hours if costs exceed revenues in future years.

Marin Transit’s second largest contract, the contract for Demand Response services, is also ending. Marin Transit is in the process of competitively procuring this contract that is primarily for delivery of local

paratransit operations. Paratransit services will be re-structured as a fixed and variable cost contract that will help to mitigate the increased costs associated with the projected growth for this service. Based on current market rates for these services and the potential structure of these new agreements, staff anticipates the District will achieve an estimated 10% reduction in operations costs.

The savings from the new GGBHTD contract and anticipated new Demand Response contract, along with a modest fare increase and other cost control measures allow the District to achieve near-term financial balance and allows for modest service expansion. Table 5-2 shows the 10-year financial projection for the SRTP service plan. Marin Transit’s Board-adopted reserve policy is to maintain a minimum four months of operations expenses. The financial plan relies on reserve spending in the final four years of the plan period but only dips slightly below the target reserve level in the final year of the period (Figure 5-3).

Figure 5-3: District Reserve Level

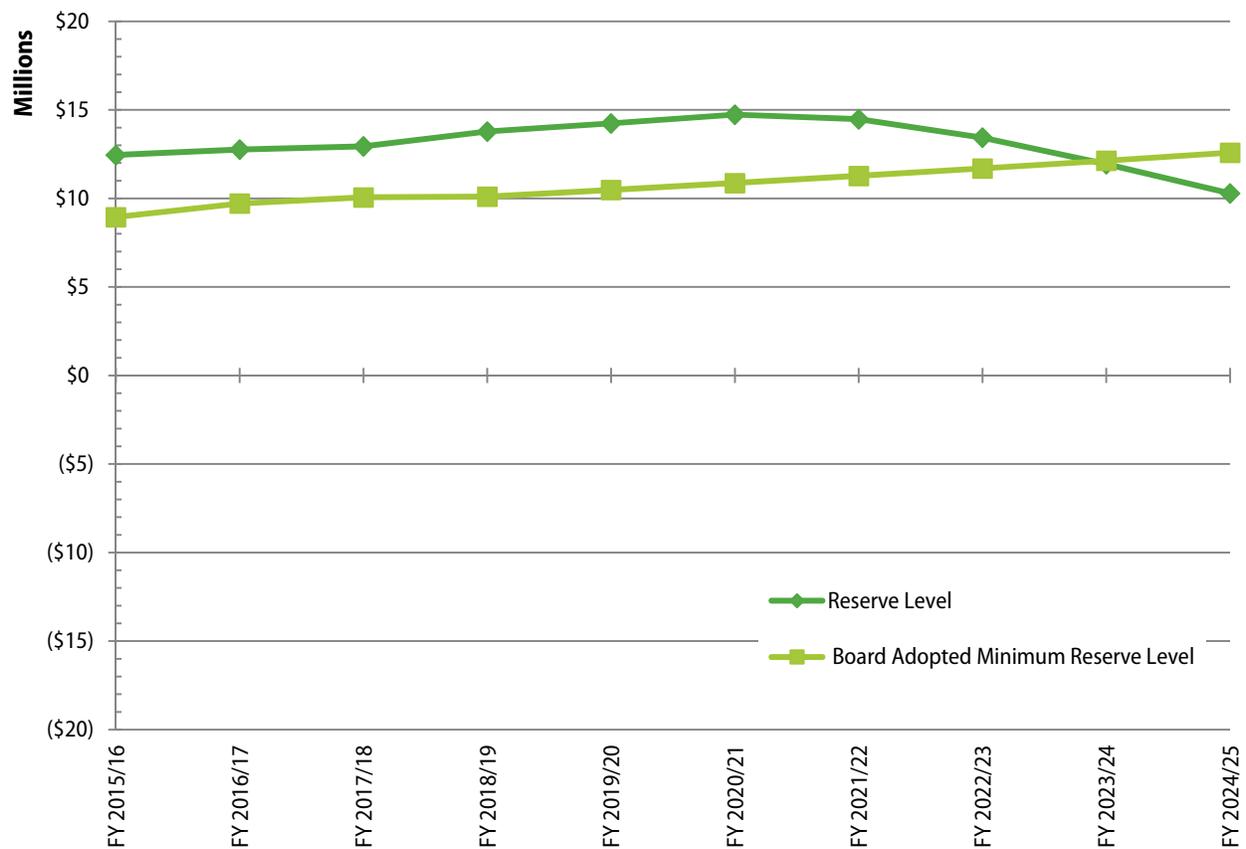


Table 5-2: 10-Year Financial Projection

Fiscal Year	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
LOCAL SERVICE										
Large Bus Service										
Planned Revenue Hours	91,467	107,227	107,227	107,226	107,226	107,226	107,226	107,226	107,226	107,226
Hourly Rate ¹	\$141.78	\$135.61	\$139.06	\$134.00	\$138.00	\$142.12	\$146.37	\$150.74	\$155.25	\$159.89
Shuttle Service										
Planned Revenue Hours	39,321	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675
Hourly Rate	\$98.53	\$99.98	\$102.57	\$105.74	\$109.01	\$112.37	\$115.85	\$119.43	\$123.12	\$126.92
Muir Woods Shuttle Service										
Planned Revenue Hours	4,035	4,035	4,035	4,035	4,035	4,035	4,035	4,035	4,035	4,035
Hourly Rate ¹	\$132.34	\$134.50	\$137.82	\$141.72	\$145.75	\$150.31	\$154.60	\$159.47	\$164.02	\$168.72
Novato General Purpose Dial-a-Ride										
Planned Revenue Hours	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650
Hourly Rate	\$92.11	\$93.35	\$95.69	\$98.60	\$101.60	\$104.69	\$107.87	\$111.16	\$114.54	\$118.02
School Bus Service										
Buses	7	7	7	7	7	7	7	7	7	7
Hourly Rate	\$67,500.00	\$69,525.00	\$69,525.00	\$73,759.07	\$73,759.07	\$78,251.00	\$78,251.00	\$83,016.49	\$83,016.49	\$88,072.19
Total Fixed Route Operating Expenses	\$18,093,073	\$19,984,345	\$20,496,564	\$20,124,291	\$20,729,182	\$21,354,057	\$21,996,183	\$22,659,615	\$23,341,287	\$24,043,632
PARATRANSIT & SPECIAL NEEDS TRANSIT										
Local Paratransit										
Planned Revenue Hours	62,076	65,017	68,095	70,588	73,056	75,510	77,976	80,430	82,872	85,305
Hourly Cost	\$81.60	\$83.38	\$85.30	\$87.44	\$89.66	\$91.97	\$94.36	\$96.83	\$99.40	\$102.05
Intercounty Paratransit										
Planned Revenue Hours	9,846	10,141	10,446	10,759	11,082	11,414	11,757	12,109	12,473	12,847
Hourly Cost	\$126.85	\$130.64	\$134.27	\$138.01	\$141.85	\$145.81	\$149.88	\$154.08	\$158.39	\$162.83
Volunteer Driver	\$303,122	\$303,122	\$303,122	\$303,122	\$303,122	\$303,122	\$303,122	\$303,122	\$303,122	\$303,122
Catch-A-Ride	\$350,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Mobility Management Program Cost	\$442,909	\$436,951	\$449,215	\$461,877	\$474,951	\$488,451	\$502,390	\$516,785	\$531,650	\$547,001
Total Paratransit Operating Expense	\$7,410,386	\$7,786,180	\$8,263,546	\$8,721,859	\$9,200,247	\$9,700,371	\$10,225,218	\$10,773,973	\$11,347,662	\$11,947,614
RURAL TRANSIT SERVICE										
West Marin Stagecoach										
Planned Revenue Hours	16,405	16,405	16,405	16,405	16,405	16,405	16,405	16,406	16,407	16,408
Hourly Cost	\$80.96	\$83.50	\$86.11	\$88.80	\$91.58	\$94.45	\$97.41	\$100.46	\$103.61	\$106.85
Total Rural Transit Operating Expenses	\$1,328,209	\$1,369,760	\$1,412,623	\$1,456,835	\$1,502,437	\$1,549,474	\$1,598,069	\$1,648,196	\$1,699,902	\$1,753,237
SYSTEMWIDE SUMMARY, ALL SERVICES										
Total Expenses	\$26,831,669	\$29,140,284	\$30,172,734	\$30,302,986	\$31,431,866	\$32,603,902	\$33,819,470	\$35,081,784	\$36,388,851	\$37,744,484
Total Revenues	\$27,435,688	\$29,453,478	\$30,351,935	\$31,141,640	\$31,890,874	\$33,098,818	\$33,557,661	\$34,042,916	\$34,893,947	\$36,090,930
Annual Surplus/Deficit	\$604,019	\$313,194	\$179,202	\$838,654	\$459,007	\$494,916	(\$261,810)	(\$1,038,868)	(\$1,494,903)	(\$1,653,554)
Cumulative Surplus/Deficit	\$12,447,326	\$12,760,520	\$12,939,722	\$13,778,376	\$14,237,384	\$14,732,300	\$14,470,490	\$13,431,622	\$11,936,719	\$10,283,165

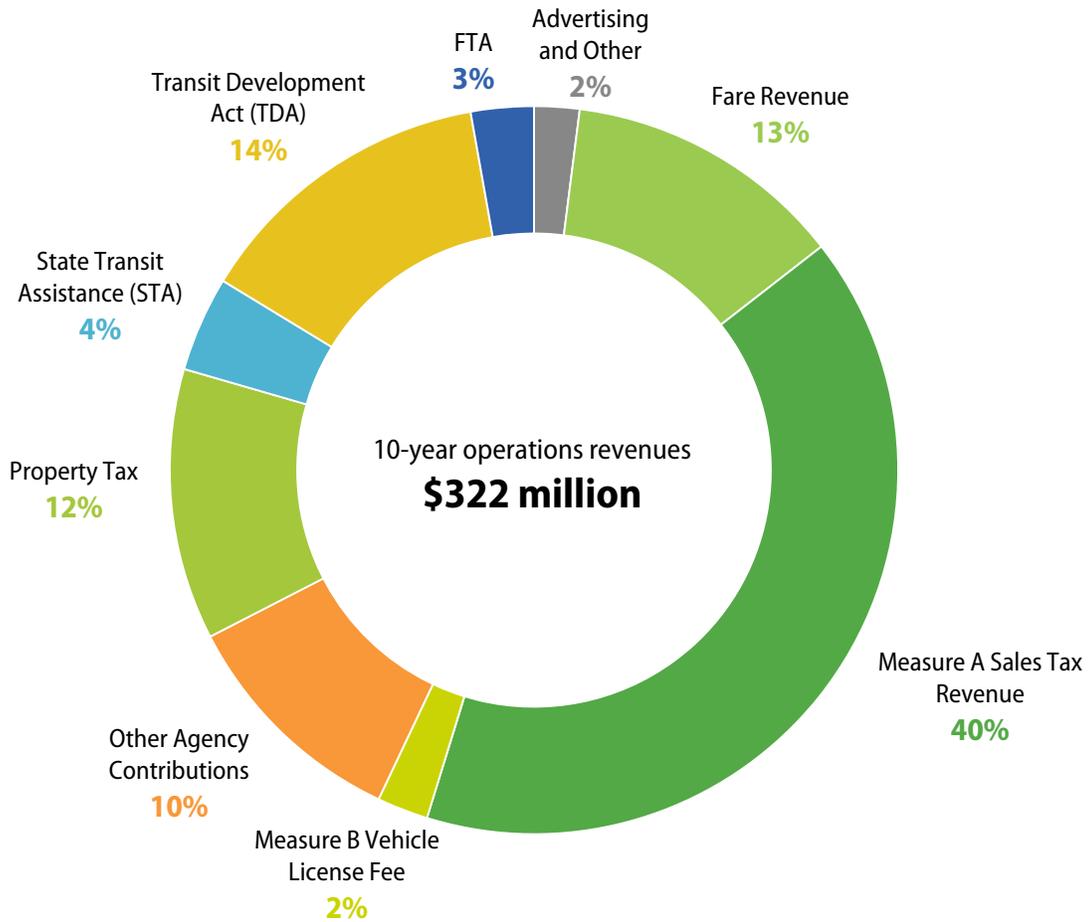
Revenue

Marin Transit relies on diverse revenue streams with no single revenue making up the majority of Marin Transit operating funds (Figure 5-4). The primary revenue sources for Marin Transit operations are:

- Measure A Sales Tax Operating funds;
- Transportation Development Act Funds;
- State Transit Assistance Funds (STA);
- Fares;
- Property Taxes; and
- Federal Section 5311 Rural Transit Funds.

Appendix F provides a detailed description of each of Marin Transit’s operating revenue sources.

Figure 5-4: 10-Year Operations Revenue by Type



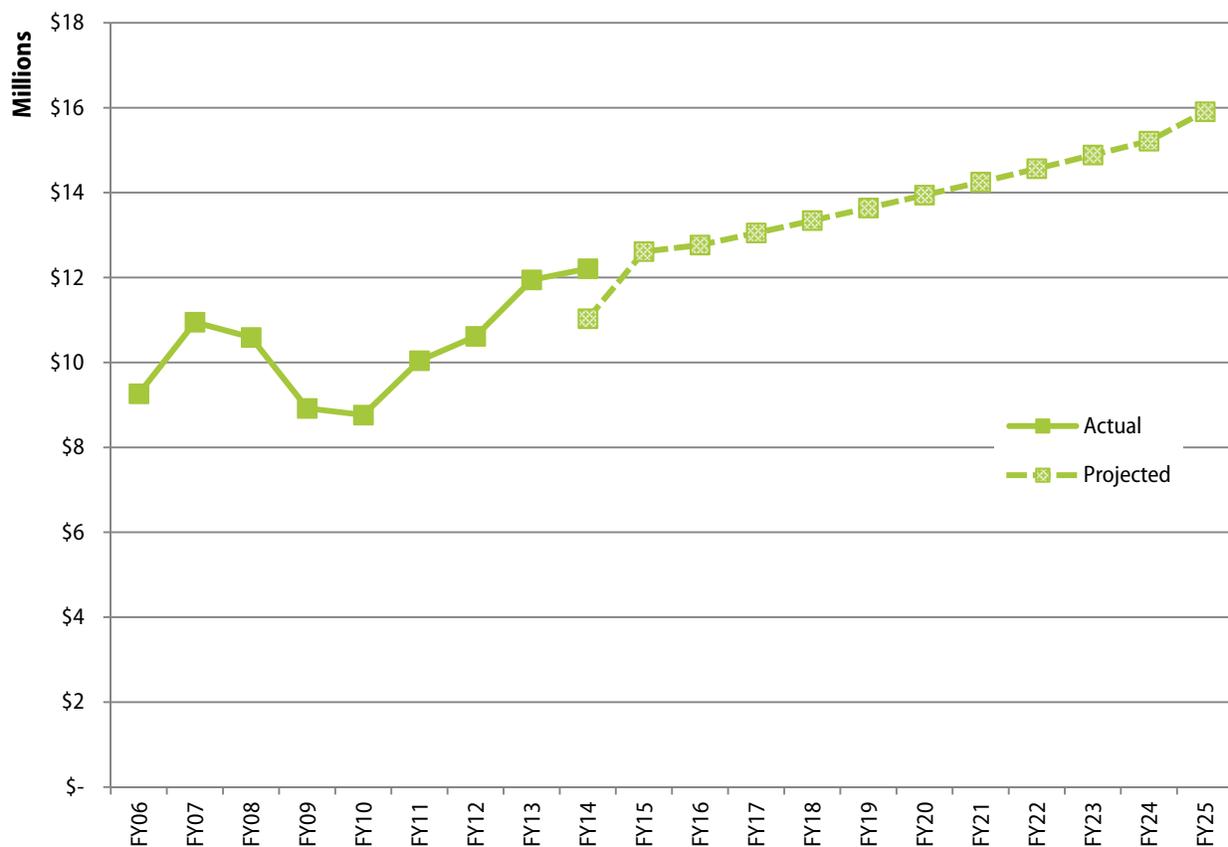
Local Sales Tax – Measure A

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. Under the sales tax expenditure plan, fifty-five percent of Measure A 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 historically provided approximately one-third of Marin Transit’s operating revenues. Consequently, a drop in allocations beginning in Fiscal Year 2008 significantly impacted District revenues. As the economy has recovered, sales tax receipts in Marin County have rebounded with actual receipts for FY 2012/13 coming in 13% higher than the prior year. Measure A sales tax revenue is projected according to the Transportation Authority of Marin 10-year projections (Figure 5-5) of 2.2% growth per year.

Figure 5-5: Transit’s Share of Measure A (Actual and Projected Receipts by Fiscal Year)



Vehicle Registration Fee – Measure B

In the November 2010 election, Marin’s voters approved Measure B, the Vehicle Registration Fee Initiative that collects \$10 annually for each vehicle registered in Marin for the purpose of improving transportation within the County. The Measure B Expenditure Plan designates 35% of the funds generated to be used to fund senior and disabled transportation services in Marin, Marin Transit is the designated agency to manage this funding. Beginning in calendar year 2012, Marin Transit began implementing the following programs and services with Measure B funding:

- Ongoing funding for the Volunteer Driver Programs for frail, home-bound seniors.
- Implementation of the Marin Catch-A-Ride discount taxi program.
- A scholarship program to assist ADA paratransit riders who are low-income with paying fares.
- A “Gap Grant” program to provide small competitive grants to Marin-based organizations that need seed funding to develop additional transportation programs serving seniors or persons with disabilities. In FY 2014/15 Marin Transit implemented the third round of Gap Grants, having previously approved small grants to assist with a rural senior shuttle program, transportation to an adult day health care program and management software for a volunteer driver program.
- Supplemental funding for Marin Transit to support the rapidly increasing demand for ADA paratransit services.
- The creation of a Mobility Analyst position within Marin Transit to assist the Community Mobility Manager with program development and outreach, and to expand Marin Transit’s travel training efforts.

Transportation Development Act Funds

Transportation Development Act Funds and State Transit Assistance (STA) fund are projected based on Metropolitan Transportation Commission’s (MTC’s) estimates and uses a 1.83% and a 2.5% escalation respectively. A onetime reduction in the STA Revenue derived from gasoline taxes was used to adjust near term projections for the recent decrease in fuel prices. Marin Transit receives a percentage of Marin County TDA based on the share of passengers carried and total public transit (bus and ferry) operated by both Marin Transit and Golden Gate Transit. Marin Transit’s current share is 36.5%.

Fares

Fixed route fare revenues are projected to increase by 1% annually on all services based on projected ridership increases. In FY 2020/21, Marin Transit is forecasting a fare increase of \$.25 on all services, resulting in a \$2.25 adult fare and \$1.25 reduced fare. The fare increase is projected to lead to a 10% increase in fare revenue. In FY 2022/23, Marin Transit is planning an additional fare increase of \$.25 on all services, resulting in a \$2.50 adult fare and \$1.50 reduced fare. Both fare increases are projected to create a 10% increase in cash fares. All actual fare increases would require board action and may require Title VI analysis.

Paratransit fares are projected to increase at approximately the same rate as the service level (4%). In addition, two fare increases are included one in FY2015/16 and one in FY2016/17 to bring the paratransit fare to the industry standard of two-times the adult fare (\$4.00). Marin Transit will continue to offer low income paratransit scholarships.

Appendix B of this report includes an analysis of Marin Transit’s fare structure and makes the recommendations shown in Table 5-3. With the exception of the paratransit fare increase and the Catch-A-Ride fare contribution, all of the recommendations are expected to result in nominal overall revenue enhancement or loss and are therefore not included in the revenue projections.

Table 5-3: Summary of Proposed Fare Changes

Category	Current Fare	Proposed Change	Proposed Timing of Change
Adult Monthly Pass	\$80.00	\$60.00	Next scheduled fare increase
Senior Monthly Pass	\$25.00	\$30.00	Next scheduled fare increase
Student Annual Pass	\$325.00	TBD	Based on School Transportation Study
Low Usage Passes	Various	Eliminate	Next scheduled fare increase
Discounts for Social Service Agencies	Various	Unify	FY2015/16
GGBHTD Transfers ⁽¹⁾	Free	Simplify	FY2015/16
SMART Transfers	N/A	\$1.50 Credit	FY2016/17
Group Pass Programs	N/A	TBD	FY2015/16 and beyond
Paratransit Fare ⁽²⁾	\$2.00	\$3.00/\$4.00	FY2015/16 to FY2016/17
Catch-A-Ride Fare	No fare	\$2.00	FY2015/16
Muir Woods Shuttle	\$5.00 RT	TBD	Align with implementation of NPS reservation system

Notes:

(1) Requires changes to Clipper implementation

(2) Paratransit fare increase may be postponed based on new contract award.

Property Tax

Marin Transit receives about \$3 million in dedicated local property tax revenue annually. After declines or almost no growth for four years, property tax revenue increased 4.6% in FY 2013/14 and is projected to increase 5% in FY2014/15. Based on County of Marin estimates, property tax revenue is expected to grow 4% in FY2015/16. For the rest of the plan period growth is estimated at 3% per year.

FTA Section 5311

Federal Section 5311 Rural Transit Funds are projected in accordance to MTC’s recent multiyear program through FY 2012/13 and then projected to grow by 3% per year.

Paratransit Contribution

Marin Transit and Golden Gate Bridge Highway and Transportation District have a shared responsibility for local paratransit in Marin County. Marin Transit has historically ensured both agencies meet this responsibility and GGBHTD has contributed funding to Marin Transit. This relationship is expected to continue and GGBHTD is projected to contribute funding for 23% of the local paratransit operations costs starting in FY2015/16.

Table 5-4: Operations Revenue Detail

Fiscal Year	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
FIXED-ROUTE										
Fare Revenue	\$2,985,649	\$3,011,715	\$3,038,042	\$3,064,633	\$3,091,489	\$3,362,171	\$3,392,003	\$3,692,726	\$3,725,863	\$3,759,331
Advertising and Other	\$477,582	\$591,928	\$609,235	\$627,117	\$645,548	\$664,528	\$684,074	\$704,202	\$724,930	\$746,276
Measure A Sales Tax Revenue	\$8,585,737	\$10,105,452	\$10,495,615	\$10,767,403	\$10,984,208	\$11,406,001	\$11,293,668	\$10,926,340	\$11,164,644	\$11,669,333
Measure B Vehicle License Fee	\$2,749,188	\$2,786,529	\$2,864,555	\$2,945,628	\$3,029,274	\$3,115,387	\$3,204,038	\$3,295,303	\$3,389,255	\$3,485,974
Property Tax	\$144,080	\$149,600	\$155,336	\$161,264	\$167,391	\$166,275	\$172,744	\$171,155	\$177,983	\$185,043
Other District Contributions ⁽¹⁾	\$1,121,885	\$1,164,324	\$1,193,432	\$1,223,268	\$1,253,850	\$1,285,196	\$1,317,326	\$1,350,259	\$1,384,016	\$1,418,616
State Transit Assistance (STA)	\$4,001,819	\$4,075,052	\$4,149,625	\$4,225,564	\$4,302,891	\$4,381,634	\$4,461,818	\$4,543,470	\$4,626,615	\$4,711,282
Transit Development Act (TDA)	\$217,117	\$223,630	\$230,339	\$237,249	\$244,367	\$251,698	\$259,249	\$267,026	\$275,037	\$283,288
FTA Section 5311	\$2,985,649	\$3,011,715	\$3,038,042	\$3,064,633	\$3,091,489	\$3,362,171	\$3,392,003	\$3,692,726	\$3,725,863	\$3,759,331
Fixed-Route Totals	\$20,283,056	\$22,108,231	\$22,736,180	\$23,252,127	\$23,719,018	\$24,632,890	\$24,784,921	\$24,950,480	\$25,468,344	\$26,259,144
PARATRANSIT										
Fare Revenue	\$470,670	\$620,059	\$643,924	\$668,715	\$694,469	\$721,223	\$749,016	\$777,890	\$807,886	\$839,048
Measure A Sales Tax Revenue	\$2,103,590	\$2,035,585	\$2,083,197	\$2,131,761	\$2,181,297	\$2,231,823	\$2,283,361	\$2,335,929	\$2,389,549	\$2,503,105
Measure B Vehicle License Fee	\$730,800	\$730,800	\$730,800	\$730,800	\$730,800	\$730,800	\$730,801	\$730,802	\$730,803	\$730,804
Property Tax	\$910,764	\$696,939	\$715,919	\$735,639	\$755,985	\$776,932	\$798,496	\$820,695	\$843,548	\$867,075
Other District Contributions	\$66,294	\$71,210	\$74,066	\$77,038	\$80,130	\$83,345	\$86,691	\$90,171	\$93,791	\$97,557
GGBHTD – Regional Paratransit	\$1,164,437	\$1,237,525	\$1,312,330	\$1,391,657	\$1,475,780	\$1,564,988	\$1,659,590	\$1,759,910	\$1,866,296	\$1,979,112
GGBHTD – Local Paratransit	\$1,165,030	\$1,246,885	\$1,335,996	\$1,419,574	\$1,506,550	\$1,597,237	\$1,692,246	\$1,791,313	\$1,894,587	\$2,002,288
State Transit Assistance (STA)	\$79,102	\$81,080	\$83,107	\$85,184	\$87,314	\$89,497	\$91,734	\$94,027	\$96,378	\$98,788
FTA - Section 5307 ADA Set Aside	\$461,944	\$625,164	\$636,417	\$649,145	\$659,532	\$670,084	\$680,806	\$691,698	\$702,766	\$714,010
Paratransit Totals	\$7,152,631	\$7,345,247	\$7,615,755	\$7,889,513	\$8,171,855	\$8,465,928	\$8,772,740	\$9,092,436	\$9,425,604	\$9,831,786
TOTALS										
Fare Revenue	\$3,456,319	\$3,631,775	\$3,681,966	\$3,733,348	\$3,785,958	\$4,083,394	\$4,141,019	\$4,470,615	\$4,533,748	\$4,598,379
Advertising and Other	\$477,582	\$591,928	\$609,235	\$627,117	\$645,548	\$664,528	\$684,074	\$704,202	\$724,930	\$746,276
Measure A Sales Tax Revenue	\$10,689,327	\$12,141,037	\$12,578,812	\$12,899,164	\$13,165,505	\$13,637,824	\$13,577,029	\$13,262,269	\$13,554,193	\$14,172,438
Measure B Vehicle License Fee	\$730,800	\$730,800	\$730,800	\$730,800	\$730,800	\$730,800	\$730,801	\$730,802	\$730,803	\$730,804
Property Tax	\$3,659,951	\$3,483,469	\$3,580,473	\$3,681,268	\$3,785,259	\$3,892,318	\$4,002,534	\$4,115,998	\$4,232,804	\$4,353,049
Other District Contributions ⁽¹⁾	\$2,539,841	\$2,705,220	\$2,877,728	\$3,049,533	\$3,229,850	\$3,411,845	\$3,611,271	\$3,812,549	\$4,032,658	\$4,263,999
State Transit Assistance (STA)	\$1,200,987	\$1,245,404	\$1,276,539	\$1,308,452	\$1,341,164	\$1,374,693	\$1,409,060	\$1,444,286	\$1,480,394	\$1,517,403
Transit Development Act (TDA)	\$4,001,819	\$4,075,052	\$4,149,625	\$4,225,564	\$4,302,891	\$4,381,634	\$4,461,818	\$4,543,470	\$4,626,615	\$4,711,282
FTA Section 5311	\$217,117	\$223,630	\$230,339	\$237,249	\$244,367	\$251,698	\$259,249	\$267,026	\$275,037	\$283,288
FTA - Section 5307 ADA Set Aside	\$461,944	\$625,164	\$636,417	\$649,145	\$659,532	\$670,084	\$680,806	\$691,698	\$702,766	\$714,010
Operations Revenue Totals	\$27,435,687	\$29,453,478	\$30,351,935	\$31,141,640	\$31,890,874	\$33,098,818	\$33,557,661	\$34,042,916	\$34,893,947	\$36,090,930

Notes:

(1) National Park Service payments for 50% of Muir Woods Shuttle Agreements and Contracts Overview