

Chapter 5: Financial Plan

Operating Budget

Marin Transit forecasts operating expenses by program based on current contract rates, annual escalations and anticipated service contract changes. The majority of Marin Transit's service is operated by Golden Gate Transit through an interagency agreement which is currently under negotiation. 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 contracted using a request for proposal (RFP) process to ensure high quality service and competitive rates. Table 5-1 shows Marin Transit's major service contracts, terms and relative sizes.

Table 5-1: Service Contract Summary

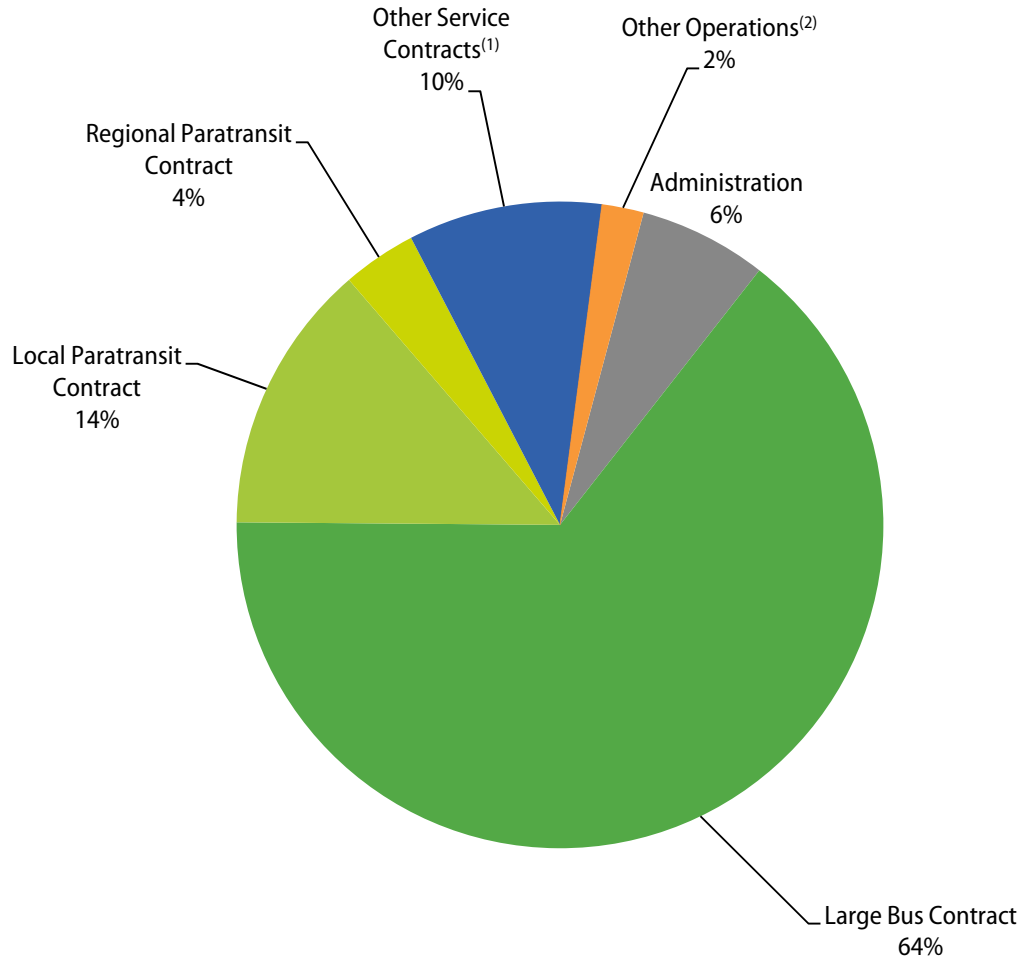
Service	Contractor	Term	End Date (including Options)	Annual Cost
Large Bus	Golden Gate Transit	10 year	December 2013	\$16,000,000
Community Shuttles	Marin Airporter	5 year	June 2014	\$800,000
Rural and Muir Woods Shuttle	MV Transportation	5 year	December 2016	\$900,000
Demand Response	Whistlestop Wheels	5 year	December 2015	\$4,200,000

Fiscal Year FY 2012-13 is the third consecutive year that Marin Transit has adopted a budget that relies on Board adopted reserves to balance an operations deficit. The economic downturn limited growth in sales tax and property tax while Marin Transit contract costs continued to escalate. The current interagency agreement with Golden Gate Transit includes a 5% annual escalation which has outpaced any increases in revenue. Rebalancing the District's revenues and expenses has been a primary objective of the Marin Transit board over the last two years.

The District appointed a Board sub-committee at its March 14, 2011 meeting to address the ongoing deficit. Although Marin Transit had already made progress towards rebalancing the budget, including service cuts to underperforming service in March 2010, rebidding the Rural and Muir Woods service at a significantly lower cost, and launching numerous mobility management initiatives to control paratransit demand, the Committee determined that, given the comparative size of the Golden Gate Transit contract the only way to achieve a balanced budget was to renegotiate the terms of the current Golden Gate Transit contract or contract with an alternate provider. As a result, the District issued a notice of intent to terminate the interagency agreement effective December 2013 and has been actively negotiating with Golden Gate Transit to establish a new agreement that ensures a sustainable relationship and provides the most benefits to Marin

County transit riders. This financial plan assumes a new contract rate for the service starting in July 2012 based on Golden Gate Transit proposed terms and an escalation of 2.7% per year. Additionally, the plan assumes a shift of 28,500 revenue hours to lower cost contracts in 2014. Even with these adjustments expenses begin to outpace revenues in FY 2016-17. Consequently Marin Transit will again need to evaluate alternative options for providing its large bus service to sustain service current service levels beyond 2017.

Figure 5-1: Operations Expenses FY 2011-12



Notes:

- 1) Other Service Contracts – Includes Community Shuttles, Rural Operations and directly purchased fuel
- 2) Other Operations: Includes mobility management programs, radio and communications and other direct program related costs.

Table 5-2: 10 Year Financial Projection

Fiscal Year	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
LOCAL FIXED ROUTE										
Fixed Route										
Planned Total Hours	124,931	120,754	111,699	102,643	102,643	102,643	102,643	102,643	102,643	102,643
Revenue Hours	114,638	114,286	106,067	97,849	97,849	97,849	97,849	97,849	97,849	97,849
Hourly Rate ¹	\$147.71	\$138.51	\$142.85	\$130.09	\$133.68	\$137.37	\$141.15	\$145.05	\$149.06	\$153.17
Shuttle Service										
Planned Service Hours	9,615	11,655	20,098	30,382	30,382	30,382	30,382	30,382	30,382	30,382
Hourly Rate	\$82.52	\$89.88	\$96.62	\$101.20	\$104.31	\$107.51	\$110.82	\$114.23	\$117.75	\$121.37
Muir Woods Shuttle Service										
Planned Service Hours	2,113	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Hourly Rate ¹	\$151.30	\$81.71	\$77.10	\$79.31	\$81.78	\$84.33	\$86.96	\$89.67	\$92.48	\$95.36
Novato Dial-a-Ride										
Planned Service Hours	2,122	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Hourly Rate	\$75.68	\$80.55	\$83.53	\$85.87	\$88.48	\$91.17	\$93.94	\$96.80	\$99.76	\$102.79
Total Fixed Route Operating Expenses ²	\$18,210,965	\$17,304,951	\$17,514,046	\$17,540,980	\$18,038,951	\$18,551,107	\$19,077,967	\$19,619,904	\$20,178,852	\$20,752,260
PARATRANSIT & SPECIAL NEEDS TRANSIT										
Local Paratransit										
Planned Service Hours	52,750	54,596	54,570	56,609	58,691	60,643	62,632	64,657	66,720	68,820
Hourly Cost	\$75.76	\$79.12	\$82.32	\$84.25	\$86.25	\$88.37	\$90.55	\$92.81	\$95.15	\$97.56
Intercounty Paratransit										
Planned Service Hours	10,356	10,500	10,815	11,139	11,474	11,818	12,172	12,538	12,914	13,301
Hourly Cost	\$98.71	\$101.53	\$105.84	\$108.66	\$111.55	\$114.54	\$117.61	\$120.77	\$124.02	\$127.38
Mobility Management Program Cost ²	\$345,681	\$883,224	\$879,279	\$890,346	\$901,771	\$913,560	\$925,736	\$938,309	\$951,459	\$964,860
Total Paratransit Operating Expense ²	\$5,364,116	\$6,268,772	\$6,516,050	\$6,870,011	\$7,243,762	\$7,625,951	\$8,028,868	\$8,453,553	\$8,901,801	\$9,373,419
RURAL TRANSIT SERVICE										
West Marin Stagecoach										
Planned Service Hours	11,692	13,528	13,528	13,528	13,528	13,528	13,528	13,528	13,528	13,528
Hourly Cost	\$81.66	\$75.03	\$78.50	\$81.17	\$83.80	\$102.47	\$105.64	\$108.91	\$112.30	\$115.79
Total Rural Transit Operating Expenses ²	\$954,809	\$1,014,953	\$1,061,982	\$1,098,067	\$1,133,610	\$1,386,159	\$1,429,068	\$1,473,328	\$1,519,253	\$1,566,342
SYSTEMWIDE SUMMARY, ALL SERVICES										
Total Expenses	\$24,529,890	\$24,588,676	\$25,092,077	\$25,509,058	\$26,416,323	\$27,563,216	\$28,535,904	\$29,546,785	\$30,599,907	\$31,692,020
Total Revenues	\$23,357,914	\$26,866,375	\$25,431,266	\$25,909,719	\$26,686,563	\$27,452,689	\$27,899,252	\$28,636,521	\$29,397,122	\$30,185,701
Annual Surplus/Deficit	(\$1,171,976)	\$2,277,700	\$339,189	\$400,661	\$270,240	(\$110,528)	(\$636,651)	(\$910,265)	(\$1,202,785)	(\$1,506,319)
Cumulative Surplus/Deficit	\$6,204,307	\$8,482,007	\$8,821,196	\$9,221,857	\$9,492,097	\$9,381,569	\$8,744,918	\$7,834,654	\$6,631,869	\$5,125,550

Notes:

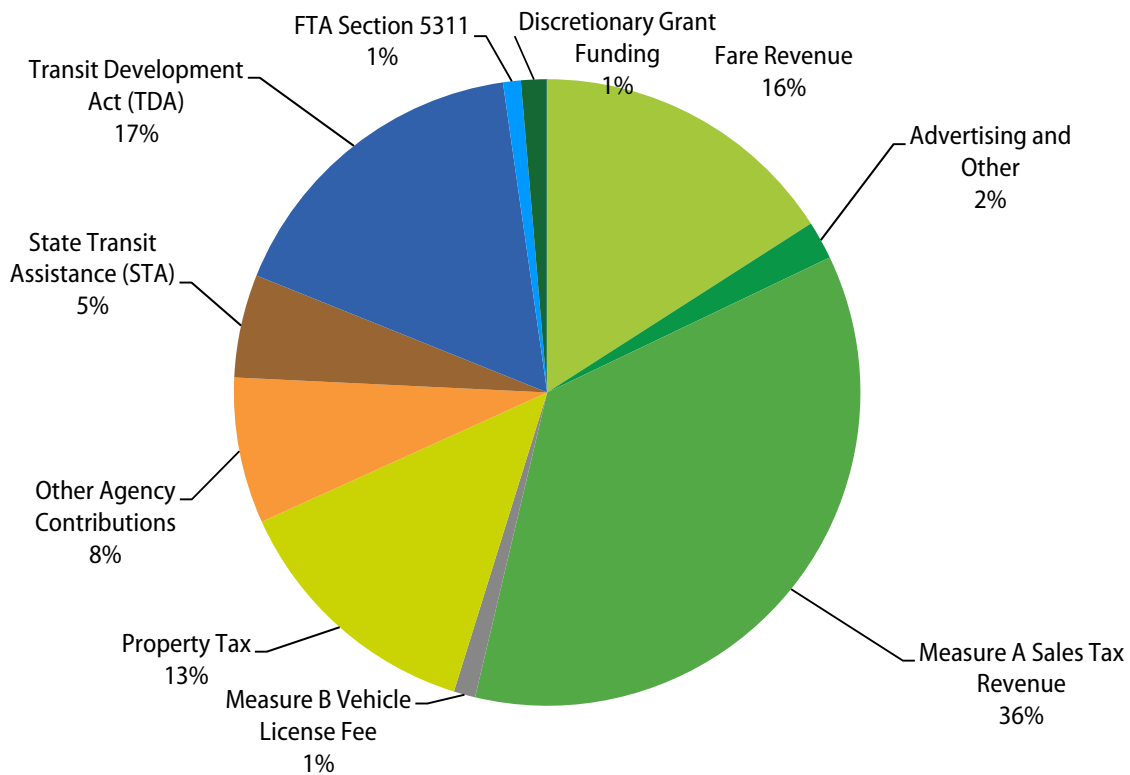
- (1) Hourly rate reflects blended contractor costs
- (2) Total operating expenses reflect all costs of operating the service including administrative costs

Revenue

Marin Transit relies on diverse revenue streams with no single revenue making up the majority of Marin Transit operating funds (Figure 5-2). The primary revenue sources for Marin Transit operations are¹:

- 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.

Figure 5-2: Revenue Sources FY 2011-12



Transportation Development Act Funds and State Transit Assistance (STA) fund are projected based on Metropolitan Transportation Commission’s (MTC’s) estimates and uses a two percent escalation. Marin Transit receives a percentage of Marin County TDA based the share of passengers carried and total public

¹ Additional details on revenue sources in 2006 Short Range Transit Plan, page 7-3

transit (bus and ferry) operated by both Marin Transit and Golden Gate Transit. Marin Transit current share is 36.5 percent.

Measure A sales tax revenue is projected according to the Transportation Authority of Marin 10 year projections which include a recent increase in funding levels and growth of just under 3% per year.

Fare revenues are projected to increase by 2% annually on all services except paratransit, where they are projected to increase 3% annually, due to increasing service levels. In FY 2015/16, Marin Transit is planning 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.

Property tax revenues have recently declined in Marin County and are now growing slowly. Marin Transit is projecting 1.5% annual growth in property tax through FY 2016-17 and an increase to 3% annual growth starting in FY 2017-18.

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.

Table 5-3: Operations Revenue Detail

Fiscal Year	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Fixed-Route										
Fare Revenue	\$3,429,595	\$3,388,276	\$3,492,469	\$3,564,662	\$3,898,389	\$3,973,316	\$3,773,714	\$3,846,148	\$3,920,031	\$3,995,391
Advertising and Other	\$453,228	\$444,183	\$450,219	\$460,789	\$471,633	\$482,758	\$496,928	\$511,442	\$526,467	\$541,937
Measure A Sales Tax Revenue	\$6,809,240	\$8,446,099	\$7,864,500	\$8,081,488	\$8,303,837	\$8,648,727	\$8,892,346	\$9,142,174	\$9,398,367	\$9,666,207
Measure B Vehicle License Fee	\$1,576,726	\$1,546,324	\$2,438,284	\$2,475,216	\$2,512,721	\$2,550,807	\$2,623,477	\$2,697,329	\$2,774,313	\$2,853,547
Property Tax	\$134,658	\$154,876	\$155,120	\$87,876	\$5,645	\$5,927	\$6,223	\$6,534	\$6,861	\$7,204
Other Agency Contributions ⁽¹⁾	\$1,159,866	\$1,170,892	\$1,194,310	\$1,218,196	\$1,242,560	\$1,267,411	\$1,292,759	\$1,318,615	\$1,344,987	\$1,371,887
State Transit Assistance (STA)	\$3,890,921	\$3,036,615	\$3,567,886	\$3,639,244	\$3,712,029	\$3,786,270	\$3,861,995	\$3,939,235	\$4,018,020	\$4,098,380
Transit Development Act (TDA)	\$213,007	\$166,144	\$171,128	\$176,262	\$181,550	\$186,997	\$192,606	\$198,385	\$204,336	\$210,466
FTA Section 5311	\$1,576,726	\$1,546,324	\$2,438,284	\$2,475,216	\$2,512,721	\$2,550,807	\$2,623,477	\$2,697,329	\$2,774,313	\$2,853,547
Discretionary Grant Funding	\$223,557	\$845,665	\$100,680	\$32,267	-	-	-	-	-	-
Fixed-Route Totals	\$17,890,798	\$19,199,073	\$19,434,597	\$19,736,000	\$20,328,363	\$20,902,212	\$21,140,049	\$21,659,862	\$22,193,381	\$22,745,018
Paratransit										
Fare Revenue	\$290,919	\$302,375	\$324,575	\$334,312	\$344,342	\$354,672	\$365,312	\$376,272	\$387,560	\$399,187
Advertising and Other	\$8,160	\$1,353,132	\$686,731	\$693,599	\$700,535	\$707,540	\$714,615	\$721,762	\$728,979	\$736,269
Measure A Sales Tax Revenue	\$1,550,729	\$1,875,095	\$1,760,959	\$1,810,700	\$1,861,683	\$1,913,942	\$1,967,506	\$2,022,410	\$2,078,687	\$2,136,370
Measure B Vehicle License Fee	\$260,000	\$707,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,001
Property Tax	\$1,559,262	\$1,592,257	\$612,970	\$621,954	\$631,076	\$640,341	\$658,017	\$675,981	\$694,707	\$713,980
Other Agency Contributions ⁽¹⁾	\$1,624,499	\$1,729,041	\$1,844,939	\$1,946,660	\$2,054,069	\$2,167,488	\$2,287,258	\$2,413,740	\$2,547,313	\$2,688,382
State Transit Assistance (STA)	\$83,563	\$85,569	\$66,495	\$66,495	\$66,495	\$66,495	\$66,495	\$66,495	\$66,495	\$66,495
Transit Development Act (TDA)	-	-	-	-	-	-	-	-	-	-
FTA Section 5311	-	-	-	-	-	-	-	-	-	-
Discretionary Grant Funding	\$89,984	\$22,835	-	-	-	-	-	-	-	-
Paratransit Totals	\$5,467,116	\$7,667,303	\$5,996,670	\$6,173,719	\$6,358,200	\$6,550,477	\$6,759,204	\$6,976,659	\$7,203,741	\$7,440,683
Totals										
Fare Revenue	\$3,720,514	\$3,690,650	\$3,817,045	\$3,898,975	\$4,242,731	\$4,327,989	\$4,139,026	\$4,222,420	\$4,307,591	\$4,394,578
Advertising and Other	\$461,388	\$1,797,315	\$1,136,950	\$1,154,388	\$1,172,168	\$1,190,298	\$1,211,543	\$1,233,204	\$1,255,446	\$1,278,206
Measure A Sales Tax Revenue	\$8,359,969	\$10,321,193	\$9,625,460	\$9,892,187	\$10,165,521	\$10,562,668	\$10,859,853	\$11,164,584	\$11,477,054	\$11,802,577
Measure B Vehicle License Fee	\$260,000	\$707,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,001
Property Tax	\$3,135,988	\$3,138,581	\$3,051,255	\$3,097,169	\$3,143,797	\$3,191,148	\$3,281,494	\$3,373,311	\$3,469,020	\$3,567,527
Other Agency Contributions ⁽¹⁾	\$1,759,157	\$1,883,917	\$2,000,059	\$2,034,536	\$2,059,713	\$2,173,415	\$2,293,481	\$2,420,274	\$2,554,174	\$2,695,586
State Transit Assistance (STA)	\$1,243,429	\$1,256,460	\$1,260,804	\$1,284,690	\$1,309,054	\$1,333,906	\$1,359,254	\$1,385,109	\$1,411,481	\$1,438,381
Transit Development Act (TDA)	\$3,890,921	\$3,036,615	\$3,567,886	\$3,639,244	\$3,712,029	\$3,786,270	\$3,861,995	\$3,939,235	\$4,018,020	\$4,098,380
FTA Section 5311	\$213,007	\$166,144	\$171,128	\$176,262	\$181,550	\$186,997	\$192,606	\$198,385	\$204,336	\$210,466
Discretionary Grant Funding	\$313,541	\$868,500	\$100,680	\$32,267	-	-	-	-	-	-
Operations Revenue Totals	\$23,357,914	\$26,866,375	\$25,431,266	\$25,909,719	\$26,686,563	\$27,452,689	\$27,899,252	\$28,636,521	\$29,397,122	\$30,185,701

Notes:

(1) Other agency contributions includes Golden Gate Bridge and Highway Transportation District payments for regional paratransit and National Park Service payments for 50% of Muir Woods Shuttle Agreements and Contracts Overview