



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

**DOCUMENT AVAILABLE FOR PUBLIC INSPECTION
PUBLIC HEARING NOTICE**

AMENDMENT TO 2011 OPERATING AND CAPITAL BUDGET

Date: November 22, 2011

The proposed amendment to the 2011 Operating and Capital Budget for the Corpus Christi Regional Transportation Authority is available for public review and comment.

It can be viewed on the RTA Website at: <http://ccrta.org/news/public-notices> or you may obtain a copy of proposed Budget by contacting Beth Vidaurri at (361) 903-3561.

An opportunity for public comment will be provided on Wednesday, December 7, 2011, at the RTA Board of Directors meeting, at 8:30 a.m., at the RTA Administration/Operations Facility, 5658 Bear Lane, Corpus Christi, Texas.

On November 22, 2011 this notice was posted by Beth Vidaurri, Manager of the CEO's office at the RTA Administrative Offices, 5658 Bear Lane, Corpus Christi, Texas.



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Board of Directors' Memo

December 7, 2011

SUBJECT: Fiscal 2011 Budget Amendments

Background

By statute, the Board annually adopts an operating budget. If the total budget needs to be increased or if major reallocations are required, staff will recommend formal adoption by the Board. Board action is not required for smaller reallocations between departments or line items. This document outlines a proposed amendment to the 2011 budget.

Discussion & Analysis – Operating Budget Amendment

Due to initiatives of the CEO who came on board after the 2011 budget had already been adopted and an unusual amount of economic instability an amendment to the 2011 budget is needed. The table below shows these changes.

Changes to Operating Budget					
	Operations	Program Development	Administration	Total	
Sales Tax Revenue				\$	2,425,000
Federal Grants					500,000
Total Revenue Increase				\$	2,925,000
Overtime Wages - Operators	\$ 200,000	\$ -	\$ -	\$	200,000
Pension			\$ (268,000)		(268,000)
Professional Services	-	\$ 382,219	\$ -		382,219
Fuel	300,000				300,000
B Line Fuel	150,000				150,000
Street Improvement Program			500,000		500,000
Total Expense Increase	\$ 650,000	\$ 382,219	\$ 232,000	\$	1,264,219
Net Change				\$	1,660,781

Sales tax revenue has been much higher than anticipated. During the 2009 recession sales tax fell by 14.2% with a 9.9% rebound in 2010. Due to a sluggish recovery of the overall economy a modest 2.5% increase was budgeted for 2011. The year to date sales tax increase for 2011 has been 15.0% and the increase for the full year is expected to be about 10.8% which would increase the current budget from \$22,940,974 to \$25,365,474. The primary cause of the strong sales tax growth appears to be due to economic activity spurred by drilling in the Eagle Ford Shale.

An increase to Federal grants from \$1,869,604 to \$2,369,604 is needed to reflect increased use of preventive maintenance funding available on FTA capital grants and grant revenues to fund the long range plan.

The increase in economic activity in the region has made hiring and retaining drivers more difficult. Fewer drivers than were budgeted resulted in higher overtime costs for drivers than what was budgeted. A budget increase from \$472,706 to \$672,706 is needed.

Strong earnings in CCRTA Defined Benefit Pension Plan in 2010 along with a large number of vacant positions at the end of 2010 resulted in a decrease in pension expense in 2011. A budget reduction from \$1,160,280 to \$874,280 is proposed.

The proposed budget increase for Other Professional Fees from \$252,857 to \$635,076 is due to the long range plan. About 80% of the funding for this project will come from grants.

Fuel costs for 2011 were based on Energy Information Administration projections adjusted for local factors. Diesel was budgeted at \$2.64 and unleaded at \$2.48. Due to stronger than expected demand the average price paid by CCRTA' year to date have been \$3.05 for Diesel and \$2.89 for unleaded. Budget amendments are needed to increase Fuel from \$1,931,555 to \$2,231,555 and to increase B-Line Fuel from \$536,046 to \$686,046.

The CCRTA has an agreement to fund \$500,000 in ADA related improvement projects by the City of Corpus Christi in addition to the regular street improvement funding provided to the City and other local entities in the CCRTA service area. For the last several years these have been funded through capital grant funds. Beginning in 2011, funding these projects through the operating budget will reduce red tape and allow grants to be closed out more quickly. A budget amendment is needed to move \$500,000 for the Street Improvement Program from the Capital to the Operating budget.

The table below shows the effect of the amendment on the 2011 operating budget.

2011 Operating Budget			
	<u>Current</u>	<u>Amendment</u>	<u>As Amended</u>
Revenues			
Sales Tax	\$ 22,940,474	\$ 2,425,000	\$ 25,365,474
Federal Grants	1,869,604	500,000	2,369,604
All Other Revenues	1,775,142	-	1,775,142
Total Revenues	\$ 26,585,220	\$ 2,925,000	\$ 29,510,220
Expenses			
Salaries & Benefits	\$ 9,342,001	\$ (68,000)	\$ 9,274,001
Services	1,491,252	382,219	1,873,471
Materials & Supplies	3,975,696	300,000	4,275,696
Purchased Transportation	6,511,372	150,000	6,661,372
All Other Operating Expenses (excluding Federal Depreciation)	3,846,879		3,846,879
Street Improvement Program	1,418,020	500,000	1,918,020
Total Expenses (excluding Federal Depreciation)	\$ 26,585,220	\$ 1,264,219	\$ 27,849,439
Net Revenue in Excess of Expense	\$ -	\$ 1,660,781	\$ 1,660,781

Discussion & Analysis – Capital Budget Amendment

As with the operating budget if there are significant changes to the overall capital budget staff brings the change to the board for formal adoption. During the year the board approved using grant funding to conduct a long range plan. In addition \$500,000 is being moved from the Capital Budget to the Operating budget for the Street Improvement Plan.

2011 Capital Budget			
	<u>Current</u>	<u>Amendment</u>	<u>As Amended</u>
FY 2011 Rolled Forward:			
Land	\$ 3,700,000	\$ -	\$ 3,700,000
Facilities, Bus Stops & Other Improvements	15,170,796	(586,777)	14,584,019
Vehicles	15,932,295	(295,220)	15,637,075
Furniture & Equipment	1,363,399		1,363,399
Information Technology	1,772,384		1,772,384
Miscellaneous	50,000		50,000
	\$ 37,988,874	\$ (881,997)	\$ 37,106,877

Legal Requirements:

Chapter 451 of the Texas Transportation Code mandates that the Authority's Board

of Directors adopt an annual operating budget prior to the beginning of each fiscal year and before the Authority conducts any business for that year. Governing legislation further provides that the Board of Directors shall hold a public hearing on the proposed operating budget prior to its adoption and shall, at least fourteen days before the date of such hearing, make the proposed budget available to the public. The same applies for amending the budget.

Committee Review

The Administration Committee reviewed this item on November 16, 2011.

Recommendation

Staff recommends that Board of Directors approve amending the 2011 Operating and Capital Budgets as shown above.

Respectfully Submitted,

Submitted by: _____
Susan Vinson
Director of Finance

Final Review: _____
Jorge G. Cruz-Aedo
Managing Director of Administration

Approval: _____
Scott Neeley
Chief Executive Officer