

Chapter 8. Financial Plan

This chapter presents a capital and operating plan for YCTD during the SRTP period of 2006/7 to 2012/13.

Financial Plan Scenarios

This financial plan presents a base scenario for the SRTP period, following the Five Year Service Recommendations presented in Chapter 7. A growth scenario is also assessed at the end of this section.

Base Scenario

Using reasonable revenue assumptions for fixed route and YOLOBUS Special, YCTD can afford a modest increase of services over the next eight years. This projection relies primarily on existing sources of income, although some revenue enhancements will be required. The following summarizes the base assumption:

- This scenario assumes modest growth in the first years of service, with three additional vehicles and 21,000 hours of service.
- Patronage is assumed to grow between two and four percent annually.
- This scenario assumes no new funding sources, although it does reflect known changes in federal fund authorization levels.
- Fare increases are programmed to meet a 20% farebox recovery requirement set by the state. With the introduction of the Yolobus Only monthly pass, YCTD expects that fare box recovery will meet or exceed TDA requirements. If necessary, YCTD will look at a fare increase of twenty-five cents in 2007/2008.
- YCTD will continue to use approximately 7.7% of Section 5307 funds in the SACOG region, predominantly for preventive maintenance activities.
- All TDA funds due to cities and Yolo County are assumed to be available to YCTD if needed for operating and local capital match.

- The capital scenario focuses on replacing existing equipment at the end of its useful life, and modest expansion. The other major programmed projects include the expansion of the administrative facilities, upgrade of the radio system, paving the yard behind the CNG fueling station (including a possible transit learning center or child care center), major shop equipment (i.e. chassis dyno), a dispatch yard for both buses and street cars (in West Sacramento), and the repowering of 9 old CNG buses.
- This scenario assumes that Section 5309 funds are available for major capital projects including vehicle replacements.
- Modest changes are programmed for YOLOBUS Special demand response service.

Growth Scenario

- This scenario assumes that 17 additional vehicles and 48,700 annual hours of service will be added in the latter years of the projection period.
- With additional service, ridership is projected to grow at an annual rate of 4–8%
- Section 5309 or other funds are assumed available for expansion. The total vehicles required will be in excess of those that can be funded by the current 5309 request.
- Additional financial resources must be tapped to pay for the operating costs and capital costs of expansion. One alternative is for Unitrans and YCTD to renegotiate the split of TDA and 5307 funds for Davis.
- A special US census allowing Woodland to become a 5307 beneficiary will also increase funding levels.

Operating Plan

This section presents the operating cost and revenue projections for Fiscal Years 2006/7 to 2012/13 for the base scenario. The major assumptions used in developing the revenue and cost projections are outlined in this section. The funding plan relies on funding sources that are either currently used by YCTD, or are likely to be realized over the planning horizon. Figure 8 –1 summarizes the operating plan through the SRTP projection period.

YCTD Operating Cost Projections

The operating cost projections are based on the number of service hours required to implement the Service Plan. This plan assumes approximately 96,368 hours of service will be operated per year starting in 2008/2009. Significant assumptions are outlined below:

- Costs are presented in inflated dollars.
- YCTD total operating costs will increase proportionally to the projected increase in operating hours.
- YCTD operating costs per hour are projected to increase at 4% per year during the life of the plan.

Total operating costs are expected to increase from \$7.1 million in FY 2005/06 to \$12.2 million by FY 2012/13, a 58% increase.

Operating Revenues and Costs, YCTD

	FY 05-06 Budget (1)	FY 06-07 Projected	FY 07-08 Projected	FY 08-09 Projected	FY 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected	FY 12-13 Projected
Operating Revenue								
Fixed Route								
Fare Revenue	\$1,291,334	\$1,741,784	\$1,793,300	\$1,967,836	\$2,045,300	\$2,125,900	\$2,209,700	\$2,296,800
LTF-TDA	\$2,789,237	\$3,404,370	\$3,666,362	\$4,231,637	\$4,568,291	\$4,858,711	\$5,152,563	\$5,460,545
FTA 5307 (SACOG region)	\$980,000	\$781,000	\$781,000	\$781,000	\$781,000	\$781,000	\$781,000	\$781,000
FTA JARC	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
FTA 5311	\$123,068	\$316,730	\$326,232	\$336,019	\$346,099	\$356,482	\$367,177	\$378,192
TCRP (1)	\$610,000	\$617,000	\$617,000	\$617,000	\$617,000	\$617,000	\$617,000	\$617,000
Other (2)	\$372,148	\$2,592,572	\$675,722	\$686,179	\$707,509	\$719,294	\$741,949	\$765,511
subtotal Fixed Route	\$6,275,787	\$9,563,456	\$7,969,615	\$8,729,671	\$9,175,199	\$9,568,387	\$9,979,389	\$10,409,049
YOLOBUS Special								
Fare Revenue	\$29,443	\$44,117	\$52,200	\$52,800	\$53,400	\$54,000	\$54,600	\$55,200
LTF-TDA	\$691,198	\$879,347	\$1,002,744	\$1,063,342	\$1,126,388	\$1,191,979	\$1,260,218	\$1,331,211
FTA 5307	\$130,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
FTA New Freedom	\$0	\$150,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other (2)	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
subtotal DR	\$875,641	\$1,248,464	\$1,529,944	\$1,591,142	\$1,654,788	\$1,720,979	\$1,789,818	\$1,861,411
Total Operating Revenue	\$7,151,428	\$10,811,919	\$9,499,560	\$10,320,813	\$10,829,987	\$11,289,367	\$11,769,207	\$12,270,460
Operating Costs								
Fixed Route Operating Cost/Hour	\$81	\$108	\$88	\$91	\$95	\$99	\$104	\$108
YOLOBUS Special Operating Cost/Hour	\$73	\$89	\$85	\$88	\$92	\$96	\$99	\$103
Fixed Route Operating Costs	\$6,212,442	\$9,563,456	\$7,969,615	\$8,729,671	\$9,175,199	\$9,568,387	\$9,979,389	\$10,409,049
YOLOBUS Special Operating Costs	\$875,641	\$1,248,464	\$1,529,944	\$1,591,142	\$1,654,788	\$1,720,979	\$1,789,818	\$1,861,411
Total Operating Costs	\$7,088,083	\$10,811,919	\$9,499,560	\$10,320,813	\$10,829,987	\$11,289,367	\$11,769,207	\$12,270,460
Farebox Recovery Ratio Fixed Route	21%	18%	23%	23%	22%	22%	22%	22%
Farebox Ratio YOLOBUS Special	3%	4%	3%	3%	3%	3%	3%	3%

YCTD Operating Revenues

Operating revenues for YCTD come from a variety of sources. In order of importance, these sources are: Transportation Development Act (TDA) funds, fare revenues, federal Section 5307 urban formula grant funds, and Traffic Congestion Relief Program (TCRP) funds. With the exception of TCRP funds, these sources will continue to be important sources through the SRTP period. In order to pay for increased operating costs, and to adjust for the end of TCRP revenues in 2007/08, revenue enhancements will be required for several fund sources as detailed below.

Transportation Development Act (TDA) Funds

For many California transit agencies, TDA funds are the largest single source of operating revenue; YCTD is no exception. TDA Local Transportation Funds (LTF) are intended to be “transit first” funding, meaning that funds are expected to be spent on transit projects to the extent that such projects are needed to fill all “transit needs that are reasonable to meet”. There is no universally accepted definition of reasonable to meet, and individual jurisdictions must make their own determination. The Sacramento Area Council of Governments (SACOG) runs an annual “unmet needs” determination process to ensure that all reasonable transit needs are met. TDA funds can be used for capital expenditures or operations or a combination thereof, and, importantly, they provide an important source of local match for federal capital funding.

The Local Transportation Fund revenues are derived from a one-quarter cent sales tax, which is collected by the Board of Equalization, but administered locally through the Metropolitan Planning Organization (MPO), SACOG, which returns it to local jurisdictions on the basis of population. YCTD collects TDA revenues from Yolo County and the cities of Davis, Winters, Woodland, and West Sacramento. City of Davis TDA funds also support Unitrans and Davis City Transit. A substantial portion of TDA funds are also used to maintain local streets and, in Davis, bikeways.

Sales tax receipts have historically grown at a slightly faster rate than inflation. Over the past several years (1997–2003), they have averaged 6% annual growth

in Yolo County, due to steady population increase in the county and a subsequent growth in overall purchases¹. To be conservative, TDA is projected to increase at a rate of 5% per year during the SRTP period.

TDA is one of the only available sources of local operating support available to YCTD. During the projection period, to help pay for increased YCTD operating costs, it is assumed the YCTD’s share of TDA (for operations alone) will increase from \$3.4 million to \$6.7 million and will consume a greater proportion of total TDA funds in Yolo County for the next several years (See Figure 8–2). The increased use of TDA for transit will require that fewer TDA dollars are spent on local streets and roads.

Figure 8-1 Projected TDA funds for YCTD Operations

	Total Yolo TDA*	Claimed by YCTD for Operations	Percent (%) of County TDA
FY 2005/06	\$7,880,882	\$3,480,435	44%
FY 2006/07	\$9,500,884	\$4,283,716	45%
FY 2007/08	\$9,975,928	\$4,669,106	47%
FY 2008/09	\$10,474,725	\$5,294,979	51%
FY 2009/10	\$10,998,461	\$5,694,678	52%
FY 2010/11	\$11,548,384	\$6,050,690	52%
FY 2011/12	\$12,125,803	\$6,412,781	53%
FY 2012/13	\$12,732,093	\$6,791,756	53%

* TDA growth assumed at 5% per year during the projection period.
Source: YCTD projections from FY 2006/2007 TDA data.

Farebox Revenues

For YCTD’s fixed route service, farebox revenues are estimated to total \$1.3 million in 2005/06, and are projected to grow to \$2.3 million by the end of the projection period. To meet state TDA requirements, total fare collections must cover at least 20% of operating costs for the YCTD fixed route service. Key assumptions are:

¹ This period includes both a period of rapid economic expansion in the 1990’s during which sales grew quickly, followed by a major recession after 2001 during which sales slowed dramatically.

- Total ridership is projected to increase at a rate of 2–4% per year during the SRTP period.
- A fare increase of one quarter (25 cents) is possible in 2007/2008. This fare increase would be necessary if the increased revenue from the Yolobus Only monthly pass did not keep up with the increase in operating costs, and meet minimum farebox recovery ratio requirements.
- Fares will be increased on YOLOBUS Special in concert with any changes to Yolobus fixed route fares, in order to maintain the financial incentive to used fixed route service whenever possible.

FTA Section 5307

YCTD receives funding through Section 5307 funds for the Sacramento Urbanized Area for both fixed route and YOLOBUS Special service. This funding is provided through SACOG, which administers Sacramento regional funds. With the recent passage of the federal transportation bill, SAFETEA-LU, authorized levels of Section 5307 funding are now known through FY 2009/10. In the reauthorization, base-funding levels for the 5307 program for Sacramento remained relatively static, but funding levels are authorized to increase by approximately 6% per year through 2009. For the purposes of the SRTP, Section 5307 funding is projected to increase 5% per year in the remaining years of the SRTP period.

YCTD'S proposed capital projects have been well received by the TCC in the past, allowing YCTD to corral approximately 7.7% of Section 5307 funds in the region, based on YCTD's service in Sacramento and West Sacramento. It is assumed that this ratio will remain constant, and that total Section 5307 funds for YCTD will increase from \$1.3 million to \$1.9 million.

Section 5307 funds for urbanized areas over 200,000 in population (like Sacramento) are intended to be used for capital purchases or preventive maintenance. It is expected that the majority of Section 5307 funds (more than \$713,000 annually) will be used for preventive maintenance, which shows up primarily in YCTD's operating budget. Operations for demand response service is also an allowable Section 5307 expense, \$150,000 per year is assumed to

support YOLOBUS Special. Together, these uses will claim between 46% and 86% of FTA Section 5307 funds during the SRTP period.

Figure 8-2 FTA Section 5307 Funds for YCTD

Year	SACOG	Total YCTD @ 7.7%	Used for Operations*	Percent(%)
FY 2005/06	\$7,880,882	\$3,480,435	\$110,000	46%
FY 2006/07	\$9,500,884	\$4,495,928	\$230,323	50%
FY 2007/08	\$9,975,928	\$4,691,126	\$422,600	51%
FY 2008/09	\$10,474,725	\$5,305,512	\$165,239	52%
FY 2009/10	\$10,998,461	\$5,603,070	\$110,000	52%
FY 2010/11	\$12,125,803	\$5,924,339	\$273,600	51%
FY 2011/12	\$12,732,093	\$6,249,810	\$178,800	50%
FY 2012/13	\$12,732,093	\$6,590,155	\$110,000	53%

“Operations” includes permitted preventive maintenance, planning, and ADA paratransit operations support.

Sources: Federal Transit Administration (FY 2005-06 – FY09/10); Nelson Nygaard, FY 2010/11 forward.

The City of Davis is its own urbanized area, and receives FTA Section 5307 funds as well. As an urbanized area of fewer than 200,000 people, Davis is allowed to use these funds to support operations or capital expenses. Currently, these funds are used in their entirety to support Unitrans, and are projected to continue to do so in the future. In the recent federal transportation reauthorization, Davis received an approximate \$800,000 increase in annual Section 5307 funding (over base funding of \$1.3 million) due to a change in funding formulas that benefits “transit intensive small cities”.

The City of Woodland’s population is now over 50,000, a population sufficient to attain urbanized area status. This would allow Woodland to collect Section 5307 funding on its own, as Davis does now (with a consequent loss of Section 5311 rural funding), and use these funds for operating and capital expense of YCTD. Normally, this change happens after the Census is completed and tabulated, which would be approximately 2012/13, at the end of our projection period. This normal situation is assumed for the base scenario. A special

Census may allow this to happen sooner, and that is one option investigated in the growth scenario. Based on a population of approximately 50,000, the Woodland Urbanized Area could receive approximately \$750,000 in Section 5307 funds, while foregoing approximately \$316,730 (increase of 5311 under SAFETEA-LU. No one knows at this point if the funding will remain stable at this level or how fast it will increase.) in Section 5311 funds.

Other Federal Funding

YCTD receives additional federal formula funds through the Section 5311 rural transit program and through the Section 5316 Jobs Access, Reverse Commute (JARC) program. YCTD currently receives \$123,000 in 5311 funds and \$110,000 in JARC funds. These sources have changed based on recent federal reauthorization of the transportation bill.

The JARC program changed in the recent transportation bill from a nationwide competitive program to a formula fund managed through MPO's and States. It will be distributed on a 60%/20%/20% basis to large urban/small urban/rural areas. For Sacramento, a large urban area, SACOG will grant funds based on a competitive program. For small urban and rural areas (most of Yolo County), the State will run a competitive process. Given the enhanced funding of the JARC program nationwide, it is likely that YCTD will be able to increase current funding levels. This SRTP estimates that YCTD will receive \$110,000 in JARC funding in FY 2006/07, and remain level.

Section 5311 is currently received for the rural areas of the county that are not included in a federally designated urbanized area. This includes Winters, Woodland, and unincorporated Yolo County. YCTD currently receives approximately \$316,730 from Section 5311. The 5311 program was substantially increased in recent federal authorization. When Woodland becomes a designated urbanized area and Section 5307 beneficiary, Section 5311 funding will decrease by about two thirds, with only Winters and part of unincorporated Yolo County remaining "rural". Other than the growth scenario, this change is expected beyond the SRTP period.

Figure 8-3 FTA Section 5311 and Section 5316 Funds for YCTD

Year	Section 5311	Section 5316 Jobs Access
	Rural Transit	Reverse Commute
FY 2005/06	\$123,068	\$110,000
FY 2006/07	\$316,730	\$110,000
FY 2007/08	\$326,200	\$110,000
FY 2008/09	\$336,000	\$110,000
FY 2009/10	\$346,100	\$110,000
FY 2010/11	\$356,500	\$110,000
FY 2011/12	\$367,200	\$110,000
FY 2012/13	\$378,200	\$110,000

Sources: 2005/06 YCTD budget; 2006/07 – 2009/10, Nelson Nygaard based on FTA funding levels nationwide; FY 2010/11 forward, NN estimate.

Traffic Congestion Relief Program

This State Program, conceived in the late 1990’s to spend excess state general fund monies on important transportation infrastructure projects, provides operating funding for Route 42. Over \$600,000 in funding is available through this program in the current fiscal year and in the next. However, in FY 2007/08 the program terminates. Extension of this program, or creation of a similar state funding source to subsidize YCTD operations, depends on the strength of the economic recovery and its impact on state finances. To be conservative, no replacement funding is currently assumed.

Other Funds

YCTD receives local operating assistance from the Cache Creek Casino to provide local match for JARC funding for transporting workers to the Casino. The SRTP assumes that this local support will continue and grow at the inflation rate. Other sources included in this category include state operating assistance, state motor vehicle in-lieu tax, and interest.

YCTD Capital Plan

The capital needs for YCTD during the SRTP period consist of vehicle replacements, expansion of the administrative facilities, upgrade of the radio system, paving the yard behind the CNG fueling station (including a possibly

transit learning center or child care center), major shop equipment purchases (i.e. chassis dyno), a dispatch yard for both buses and street cars (in West Sacramento), and the rehab of 9 old CNG buses are programmed during this SRTP period. Several capital projects are currently funded and underway, including the West Sacramento intermodal facility and the CNG station. For the purposes of this SRTP, these currently funded projects are assumed complete by the end of FY 2005/06. Figure 8-5 presents the capital funding plan for the base scenario during the SRTP period. A total of \$11.8 million will be required to fund these capital projects, including at least \$2.4 million in local funding to match federal funding at an 80/20 ratio.

Figure 8-4 Capital Funding Plan

	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
	Budget	Projected						
Capital Plan - Expenses								
Capital Plan - Expenses								
FR Bus Replacement	\$0	\$4,985,339	\$0	\$0	\$393,900	\$1,623,000	\$1,253,800	\$430,500
FR Bus Expansion	\$700,000	\$721,000	\$1,113,900	\$0	\$0	\$0	\$0	\$0
YOLOBUS Special Bus Replacement	\$240,000	\$82,400	\$0	\$0	\$0	\$92,700	\$0	\$295,200
Subtotal Vehicles	\$940,000	\$5,788,739	\$1,113,900	\$0	\$393,900	\$1,715,700	\$1,253,800	\$725,700
Administrative Facility	\$6,443,999	\$400,000	\$400,000	\$400,000	\$400,000	\$0	\$0	\$0
Repower of 9 CNG buses		\$1,000,000						
West Sac Dispatch Facility				\$2,000,000	\$500,000			
Radio System Upgrade				\$500,000				
Vehicle Overhauls		\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$325,000
Misc Equipment	\$754,640	\$75,000	\$175,000	\$135,000	\$75,000	\$75,000	\$75,000	\$175,000
Debt and Interest (1)	\$72,830	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Expenses	\$8,211,469	\$7,513,739	\$1,938,900	\$3,285,000	\$1,618,900	\$2,040,700	\$1,578,800	\$1,225,700
Capital Plan - Funds								
Section 5307	\$3,985,947	\$408,000	\$590,528	\$690,161	\$768,719	\$851,205	\$937,815	\$1,028,756
Section 5309 authorized (2)	\$2,752,944	\$350,000	\$350,000	\$350,000	\$350,000	\$0	\$0	\$0
Section 5309 (3)	\$0	\$0	\$0	\$1,600,000	\$308,181	\$831,395	\$375,185	\$300
TDA	\$110,000	\$230,323	\$422,600	\$165,239	\$110,000	\$273,600	\$178,800	\$110,000
TDA reserve	\$730,045	\$199,738	\$0	\$0	\$0	\$0	\$0	\$0
SECAT		\$650,000	\$350,000					
CAMQ		\$4,869,150	\$0					
State Transit Assistance	\$32,000	\$75,000	\$77,300	\$79,600	\$82,000	\$84,500	\$87,000	\$86,644
Other (4)	\$600,533	\$731,528	\$148,472	\$400,000	\$0	\$0	\$0	\$0
Total Capital Revenues	\$8,211,469	\$7,513,739	\$1,938,900	\$3,285,000	\$1,618,900	\$2,040,700	\$1,578,800	\$1,225,700

(1) Debt retired in 05/06

(2) Authorized in SAFETEA-LU

(3) assumes 5309 request is successful

(4) FY 05/06 includes contributions from Cache Creek and Local governments. Not projected for future years. 06/07 West Sac & Woodland contractor mitigation fees,

Source: YCTD (05/06 Budgets), Nelson Nygaard

Fleet Replacement

The current YCTD transit fleet is composed of 37 standard coaches for the fixed route service, and five cut-aways and two lift equipped vans for the YOLOBUS Special service. Figure 8-6 provides further details on the fleet.

Replacement of buses at the end of their useful life is the number one capital priority of this plan. Normally, buses are replaced on a twelve year/500,000 mile basis. YCTD follows a bus replacement schedule based 650,000 miles for standard coaches, which stretches useful life to approximately fourteen years based on current use patterns. During the SRTP period, YCTD will need to replace 20 standard buses.

The YOLOBUS Special fleet currently consists of five 12-passenger cutaways that have a useful life of seven years/250,000 miles, and two vans with a life of five years/125,000 miles. Heavy use requires cutaways to be replaced every four years, and vans every three.

Figure 8-5 YCTD Vehicle Inventory, 2005

Type of Bus	Manufacturer	# of Vehicles	Model Year
Standard Coach	Orion Bus Industries*	4	1993
Standard Coach	Orion Bus Industries	3	1996
Standard Coach	Orion Bus Industries	6	1996
Standard Coach	Orion Bus Industries	7	1999
Standard Coach	Motor Coach Industries, Inc.	1	2000
Standard Coach	North American Bus Industries	3	2001
Standard Coach	Orion Bus Industries	13	2003
Cutaway	Eldorado	4	1999
Cutaway	Chrysler	1	2004
Van	Eldorado	2	2004
Total		44	

Source: YCTD

Rehabilitating (“rehabbing”) buses is a strategy that has been considered by YCTD as a money saving option. Buses can be rehabbed at a lower cost per unit than buying new, and their lives can be extended for at least eight additional years. It is YCTD’s intention to rehab 9 CNG buses in the 06/07 year.

CMAQ and SECAT funding has been secured for the replacement of the first 13 buses. There will be no local match required for this purchase.

Fleet Expansion

The base scenario assumes that the YCTD fleet size will grow slightly, with an additional seven buses acquired in the next few years. However, to meet the requirements of the growth scenario, an additional seventeen buses will need to be acquired by the end of the SRTP period. Please note that in the 06/07 year, 9 of YCTD'S old CNG buses will be remanufactured to bridge the gap of current bus expansion needs and the timeline for purchasing new buses.

Administrative Facility

The YCTD administrative facility is currently housed in facility that doesn't meet the needs of the organization and its expanded staff, which has grown to nine people. YCTD has received a Section 5309 appropriation totaling \$1.4 million over the next four years to expand or replace the current facility.

Replacement of Assets

Maintaining the transit infrastructure for YCTD requires replacement of non-revenue vehicles on a timely basis, rehabilitating and making accessibility improvements to bus stops, and replacing and upgrading other capital equipment at terminals, maintenance facilities, and storage yards. To keep up with these base capital requirements, YCTD needs to budget a minimum of \$75,000 per year during the SRTP period.

Capital Funding Strategies

The proposed capital plan relies on traditional Federal funding sources, as well as local match sources, to meet future capital needs. The plan relies on both formula (Section 5307) and discretionary federal funding (Section 5309) to complete the entire capital plan.

Discretionary funds, in particular FTA Section 5309 funds, are difficult to predict, and may not be available in the amount and year stated in the plan. However, the total amount projected is reasonable based on historical funding

patterns in the region. YCTD and Unitrans have collaborated on a five-year Section 5309 funding request, and have submitted this Request to Representative Mike Thompson. A portion of this requested Section 5309 funding, for an expanded administrative facility, was authorized in the passage of the recent six-year transportation bill. Additional amounts will be sought with each yearly appropriation of transportation funds.

YCTD currently has a reserve of approximately \$800,000. However, that reserve is dedicated to complete capital projects that are already underway, and the capital reserve going forward is nearly depleted. A prudent level of cash reserves is recommended for the agency, and in this SRTP a level of at least \$200,000 per year is the target to provide flexibility from year to year. In individual years of reserves may go below that target in order to complete major bus purchases.

A brief description of each funding source follows:

Federal and State Funds

FTA Section 5307

The FTA Section 5307 Program funds assist in paying for bus and bus-related capital projects. These include acquisition of buses for fleet and service expansion, bus maintenance and administrative facilities, transfer facilities, intermodal terminals, park-and-ride lots, acquisition of replacement vehicles, bus re-builds, miscellaneous equipment such as mobile radio units and passenger amenities such as shelters and bus stop signs. Section 5307 funds require a 20% local match.

Section 5307 funds are “formula” funds that are distributed to Urbanized Areas such as Sacramento and Davis on the basis of population and transit use. In this plan, 5307 formula funds are used primarily for preventive maintenance, and also to support the operating costs of the YOLOBUS Special service, both allowed uses under Section 5307 regulations. Remaining funds will be used for ongoing capital projects. Approximately one million dollars will be available from this source during the SRTP period.

FTA Section 5309

Administered by the Federal Transit Administration, Section 5309 Capital Program funds provide assistance for the establishment of new transit projects, improvement and maintenance of existing transit systems, buses and other bus-related capital projects. The bus-funding portion of Section 5309 is a discretionary allocation program. Urbanized Areas with populations greater than 50,000 are eligible to submit applications for Section 5309 funds. Requests must be consistent with the Regional Transportation Improvement Plan developed by SACOG and the State Transportation Improvement Plan. Section 5309 funds must be matched by state and local funds. Unitrans and YCTD have submitted a five-year request package to Representative Mike Thompson's office, whose support is crucial in receiving this discretionary funding.

In this plan, Section 5309 funds support the majority of vehicle replacement costs, as well as additional facility costs. A total of \$8.5 million is projected in Section 5309 funds during the SRTP period. This scenario assumes that the majority of the current request for discretionary Section 5309 funds will be successful. A total of \$9.3 million for YCTD has been requested in a joint effort with Unitrans. Given the much enhanced level of Section 5307 funding for Unitrans, this negotiated funding split for Section 5309 funding may no longer be required, and in future iterations of this request the split could be more favorable to YCTD.

In the unlikely event that NO Section 5309 funds are received, and no additional State or Federal discretionary capital funds are available, YCTD will not be able to complete planned vehicle purchases.

CMAQ and Other Funds

The Congestion Mitigation/Air Quality (CMAQ) program was established under ISTEA, and was included in the recent federal transportation funding bill. The program is intended to fund transportation projects and programs to help meet the requirements of the Clean Air Act. Since the Sacramento region does not meet federal air quality standards, CMAQ funds are received by SACOG and are used for a variety of purposes related to the improvement of air quality,

including transportation demand management and community design (“smart growth”).

YCTD has funded vehicle purchases with CMAQ funds available through the Sacramento Metropolitan Air Quality Management District and the Yolo/Solano Air Quality Management District. This plan includes \$4.8 million dollars of CMAQ funds for the replacement of 13 CNG transit buses during the SRTP period.

Local Match Funding

Most federal grant sources require a 20% local match. The major source of YCTD’s match is TDA funds. During the SRTP period, annual demand for TDA will range from a low of \$110,000 to a high of \$422,600. Figure 8–7 shows that TDA requirements for both operating and capital assistance will increase from 46% of Yolo County TDA in the current fiscal year to a high of 58% of available funds in 2008/2009. Because capital needs vary from year to year, resulting in significantly different draw downs of TDA funds, YCTD has established a vehicle replacement fund based on the projected need for local match over several years. This approach can smooth out the yearly fluctuation of TDA funding claims, giving more certainty to local governments to plan for other uses of remaining TDA funds.

Figure 8-6 Total TDA Claim

	Total Yolo County TDA	Claimed by YCTD for Operations	Claimed by YCTD for Capital	Percent (%) of County TDA
FY 2005/06	\$7,880,882	\$3,480,435	\$110,000	46%
FY 2006/07	\$9,500,884	\$5,416,811	\$230,323	59%
FY 2007/08	\$9,975,928	\$6,324,757	\$422,600	68%
FY 2008/09	\$10,474,725	\$7,025,215	\$165,239	69%
FY 2009/10	\$10,998,461	\$7,378,872	\$110,000	68%
FY 2010/11	\$12,125,803	\$7,748,041	\$273,600	66%
FY 2011/12	\$12,732,093	\$8,133,797	\$178,800	65%
FY 2012/13	\$12,732,093	\$8,536,918	\$110,000	68%

Source: YCTD, assume 5% annual growth in TDA from 2006/2007 findings of apportionment from SACOG.

A smaller source of local match funding is State Transit Assistance (STA) funds that flow directly to YCTD each year. During the SRTP projection period, this plan assumes that \$75,000 per year will be available from this source.

Other potential sources of local funding could reduce the call on local TDA funds to meet local match requirements. Few of these sources would be available in the short term, but could be available before the end of the SRTP period. Many of these sources are further discussed in the growth scenario. These include:

- Direct contributions from member agencies, including income from development impact fees devoted to transit capital projects
- Income from a prospective County-wide half-cent transportation sales tax
- Income from early designation of Woodland as an urbanized area

Growth Scenario

As presented earlier, a growth scenario for YCTD projects the need for an additional 17 vehicles, and 48,700 annual hours of service, by the end of the planning period. This growth will increase total service in the County by approximately 45% over the base scenario. This growth is reasonable given the increasing urbanization of Yolo County and the consequent demand for transit service. However, growth at this level is not sustainable with currently projected funding sources.

On the operating side, growth will increase annual operating costs from \$7.1 million in 2005/06 to \$14.5 million by the end of the period. On the capital side, likewise, expansion of services will cost approximately \$26.0 million, requiring at least \$5.2 million in local match funds. Figure 8-8 compares the costs of the base and growth scenarios. By the end of the period, YCTD will need approximately \$3 million in additional funding per year to cover the costs associated with growth.

Figure 8-7 Comparison of Base and Growth Scenarios

	Base Scenario	Growth Scenario	Increased \$	Percent (%) Increase
Operating Costs, FY 2012/13	\$ 12.6M	\$16.6M	\$4 M	76%
Capital Costs FY 2006/07 – FY 2012/13	\$19.2M	\$26.0 M	\$6.86 M	40%

Combined, the increased capital and operating costs will severely tax the traditional source of local funding, TDA funds. As Figure 8–9 illustrates, TDA funds, will cover YCTD’s TDA funding needs for growth. This does not take into consideration the City of Davis’s contribution to Davis Community Transit and Unitrans. To fund growth, therefore, other funding sources must be secured.

Figure 8-8 TDA requirements for Growth Scenario, assuming status quo funding splits

	Total Yolo TDA	Required by YCTD for Operations	Required by YCTD for Capital	Surplus/Deficit
FY 2006/07	\$9,500,884	\$5,202,491	\$230,323	\$4,068,070
FY 2007/08	\$9,975,928	\$6,284,157	\$422,600	\$3,269,171
FY 2008/09	\$10,474,725	\$7,678,235	\$394,639	\$2,401,851
FY 2009/10	\$10,998,461	\$8,894,541	\$425,100	\$1,678,819
FY 2010/11	\$11,548,384	\$9,864,442	\$760,500	\$923,442
FY 2011/12	\$12,125,803	\$11,279,400	\$345,900	\$500,503
FY 2012/13	\$12,732,093	\$11,803,378	\$282,200	\$646,515

Note: The City of Davis funds Unitrans and Davis Community Transit along with YCTD.

Funding Strategies for the Growth Scenario

Despite the inadequacy (Unitrans and Davis Community Transit are also funded by TDA) of current funding sources, there are several alternatives for funding growth for YCTD. These strategies include advancing Woodland’s urbanized area status, renegotiating funding splits with Unitrans, passing a county-wide transportation sales tax, and encouraging member agencies to contribute directly to operating and capital costs through impact fees on new development. These strategies are discussed in more detail below. Figure 8–10 summarizes the magnitude of these potential sources of income.

Figure 8-9 Potential Funding Sources for Growth

Source	Approximate Funding per Year	Use	Availability	Comments
Woodland 5307	\$600,000	Capital and Operating	2007/8	Requires special census
Sales Tax	\$850,000	Capital and Operating	2008/9	Requires 2/3 vote of residents, assumes 10% of tax available for transit.
Regional Funding	\$200,000-400,000	Capital and Operating	2006/7	Requires negotiation with SACOG and Unitrans
Development Impact Fees	\$250,000-500,000+	Capital only	2007/08	Requires nexus study
Total Potential Funding	\$2.0 - \$3.0 million			

Woodland Urbanized Area Status

Every decade the US Census defines the Urbanized Areas in the US, which are defined as distinct areas having concentrated populations of over 50,000 people. The FTA uses these findings to group their fund recipients; Urbanized Areas are eligible for Section 5307 formula funding, while rural areas receive Section 5311 formula funding. Ordinarily, Section 5307 provides recipients with significantly more money.

The City of Woodland passed the 50,000 population threshold shortly after the 2000 Census. Normally, the city would have to wait until the 2010 Census is completed and analyzed to be designated an urbanized area; Section 5307 funds would probably not be available to Woodland until 2013. However, the city may petition for a special Census, at a cost of approximately \$100,000, which will establish the attainment of urbanized area status. FTA authorization levels would then have to be amended to reflect this change. This is a fairly involved process, but it could be completed within two years.

It is likely that the application of Section 5307 formulas (which rely on population, density, and transit service levels) would result in a yearly award in the range of \$750,000 for the Woodland urbanized area. This is an increase from approximately \$130,000 available from Section 5311 Rural transit formula funds and a net increase of more than \$600,000 per year. This advance in Urbanized Area designation would mean that approximately \$2.5 million in

additional funds would be available to support capital and operating expenses during the SRTP period.

Transportation Sales Tax

Eighteen Counties in California provide local funding through additional transportation sales taxes. These taxes, which may be up to ½ percent, must be passed by a two-thirds majority of voters. These local taxes provide funding to a broad range of desired transportation infrastructure projects, including transit. Yolo County has begun to consider a transportation sales tax as an effective way to provide local matching funds. Generally it takes several years to build the consensus among policy-makers and interest groups to define a package that can attain the political support necessary for passage. It is likely therefore that this source would not be available until mid-way through the SRTP period, at the earliest.

A conservative assumption is that Yolo County will seek a quarter-cent sales tax, and that 10% of the sales tax funds will be available to support the capital and operating costs for local transit, including YCTD. By 2010, given likely taxable sales in Yolo County, this funding could provide \$850,000 in support to transit each year. This funding would provide the critical local match funding required for federal capital projects, and could also support operating costs if this use is allowed in the sales tax measure.

Renegotiation of Regional Funding Splits

SACOG, Unitrans, and YCTD participate in regional funding splits that may be revisited following the recent reauthorization of the federal transportation funding bill, effective through fiscal year 2009. In this bill, the Davis urbanized area received approximately \$800,000 in additional funding through the “transit intensive small city” funding tier in their Section 5307 grant.

Currently, YCTD does not receive any funding from Davis’ Section 5307 funds. However, it does split Davis TDA funds with Unitrans, and it also collaborated on a joint request for Section 5309 funds. In addition, YCTD receives a portion of funding from the Sacramento Urbanized Area’s Section 5307 Grant. Given the significant capital needs of YCTD, the lack of secure federal formula funds

to meet these needs, and the lack of sufficient local dollars to match federal funds, YCTD has an argument to obtain either a greater share of Davis TDA funds, a portion of Davis Section 5307 funds, or a greater share of Section 5309 funds. It is likely that changes could result in several hundred thousand in funds awarded annually to YCTD.

Impact Fees

Impact Fees on new development are used throughout California to finance the costs of growth. Given that Yolo County is growing rapidly, such fees are an attractive means to supplement other sources of funds for transit capital. Fees must be supported by a nexus study proving the connection between growth and the costs of growth, and therefore fees vary greatly for both types of development and by location. Impact fees are generally imposed at the city level, although they may also be applied on a countywide level. They are often indexed to inflation or construction cost, with annual adjustments in fee levels. Given the cyclical nature of development, fee income varies greatly from year to year and is thus not a good source for operational funding. Many communities use a portion of fee revenue to pay for transit impacts, generally financing transit facilities and bus purchases.

The extent of potential fee income in Yolo County depends on many factors, including the areas assessed, the types of development assessed, the total fee, and the percentage of the fee available for transit. Other communities charge up to \$500 per residential unit for transit uses. If a fee of this magnitude were realizable countywide on an average county production of 1,000 residential units per year, transit fee income could total in the range of \$500,000 per year on residential assessments alone. This gives a rough idea of the potential of impact fee revenue to provide additional local capital funding for YCTD.

West Sacramento Streetcar

One additional project that is contemplated in the growth scenario is the development of a streetcar system in West Sacramento. This project is highly conceptual at this point and requires securing significant funds for capital investments and ongoing operation prior to implementation. Total capital costs for streetcar systems (including trackway, vehicles, storage and maintenance

facilities) generally run from twelve million to twenty million dollars per track mile. Operating costs are generally greater than buses on a per hourly basis.

In order to implement the West Sacramento streetcar, all of the funding sources previously identified will need to be considered. In addition, it is likely that specific West Sacramento resources will need to be used. Specifically, this could include Redevelopment Agency tax increment, West Sacramento TDA, and local development impact fees.

Index of Contents

	PAGE
Chapter 8. Financial Plan	8-1
Financial Plan Scenarios	8-1
Operating Plan.....	8-2
YCTD Capital Plan.....	8-10
Capital Funding Strategies	8-14
Growth Scenario	8-18

Index of Figures

	PAGE
Figure 8-1 Operating Revenues and Costs, YCTD... Error! Bookmark not defined.	
Figure 8-2 Projected TDA funds for YCTD Operations	8-6
Figure 8-3 FTA Section 5307 Funds for YCTD	8-8
Figure 8-4 FTA Section 5311 and Section 5316 Funds for YCTD	8-10
Figure 8-5 Capital Funding Plan	8-12
Figure 8-6 YCTD Vehicle Inventory, 2005.....	8-13
Figure 8-7 Total TDA Claim	8-17
Figure 8-8 Comparison of Base and Growth Scenarios	8-19
Figure 8-9 TDA requirements for Growth Scenario, assuming Base funding splits	8-19
Figure 8-10..... Potential Funding Sources for Growth	8-