

Response to Questions on the FY 2014 Budget

Request By: Supervisor Foust

Question: With regards to the establishment of a Connector bus replacement reserve, can the increase of \$5.7 million to the County Transit Fund (Fund 40000) be deferred or reduced and can this funding be used by the General Fund?

Response: As the Board is aware, a significant long term issue in transportation concerns the bus replacement needs for the Connector fleet. Starting in FY 2020, approximately 170 buses are scheduled for replacement over the ensuing five years. At this time, no funds are set aside for bus replacement and if the County tried to go on a non-smoothed out pay-as-you-go basis, there would be years where it require as much as \$43 million in one year to replace buses (68 buses in FY 2020).

To mitigate this issue, the following chart shows the recommended option for starting and funding a Connector bus replacement reserve. In FY 2014 and FY 2015, amounts of ***\$5.7 million, to be fully covered by State Aid***, are recommended to be set aside to start the process of establishing a reserve. Under this scenario, starting in FY 2016, annual payments to the reserve would need to increase from \$5.7M to \$7.4M, and then be increased 4.0 percent per year thereafter. It is anticipated that at least initially State Aid will be the main funding source to fund the reserve; however, this will need to be examined in future years as there is currently not enough State Aid projected to be available to cover the entire bus replacement requirement.

Preferred Option B								
Fiscal Year	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Replacement Cost	\$9,360,000	\$8,640,000	\$8,486,400	\$0	\$0	\$0	\$0	\$13,969,122
Annual Pay In Amount	\$9,360,000	\$14,340,000	\$14,186,400	\$7,400,000	\$7,696,000	\$8,003,840	\$8,323,994	\$8,656,953
Reserve Balance	\$0	\$5,700,000	\$11,400,000	\$18,800,000	\$26,496,000	\$34,499,840	\$42,823,834	\$37,511,665

Preferred Option B									
Fiscal Year	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
Replacement Cost	\$14,527,887	\$15,109,002	\$15,713,362	\$16,341,897	\$16,995,573	\$17,675,396	\$7,193,118	\$0	\$102,147,670
Annual Pay In Amount	\$9,003,231	\$9,363,361	\$9,737,895	\$10,127,411	\$10,532,507	\$10,953,808	\$11,391,960	\$11,847,638	\$116,199,085
Reserve Balance	\$31,987,010	\$26,241,368	\$20,265,901	\$14,051,415	\$7,588,349	\$866,762	\$5,065,604	\$16,913,242	\$14,051,415