



Discussion on DOT's Budget Forecast and Organizational Implications

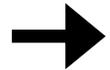
Prepared for the Board of Supervisors

July 26, 2010

Purpose:

- Discuss DOT's Current Status of Funding
- Briefly Discuss DOT's Labor Rates
- Receive Feedback/Suggestions from the Board in order to return on August 23rd with more information

Agenda



- Current Status of Funding

- DOT's Road Fund Rates

- Next Steps

Current Projection of DOT Fund Balances:

\$ Millions

REVENUE SOURCES	Estimate for 09/10	Projections at Current Programming		
		End of 10/11	End of 11/12	End of 12/13
Road Fund	13.5	6.5	3.0	-0.5
Tahoe EIP/CIP	8.6	2.5	2.5	No Projection at this time
Total West Slope Road/Bridge Capital Program including:	63.6	46.2	35.4	42.4
TIM Fees	51.0	42.0	35.0	42.0
Approved Bridge Grants	4.9	2.0	0	0
RSTP Annual	0.9	0.4	0.4	0.4
Approved Comp. Grants	6.8	1.8	0	0

Approximate Current Cash Balances in TIM Fee Funds:

FUND	BALANCE (\$M)
Zone 8 (El Dorado Hills):	
Zone 8 TIM	1.8
Blackstone Prepaid	3.9
Silva Valley Set Aside	26.9
Zones 1 - 7 TIM	11.7
Highway 50:	
Highway 50 TIM	5.8
Blackstone Prepaid	0.9
TOTAL	51.0

The current permit forecast embedded in the 2010 CIP vs. actual permit experience:

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	TOTAL 09/10 thru 18/19	TOTAL 10/11 thru 19/20
Current Forecast	75	80	166	478	920	1518	1518	1518	1518	1519	1780	9306	11015
Actual	71												

TIM Fee Summary For FY 09/10

EDH TIM Zone 8	Blackstone Prepaid	Zones 1-7 TIM	Total
14	27	30	71



Revenue Source Summary West Slope

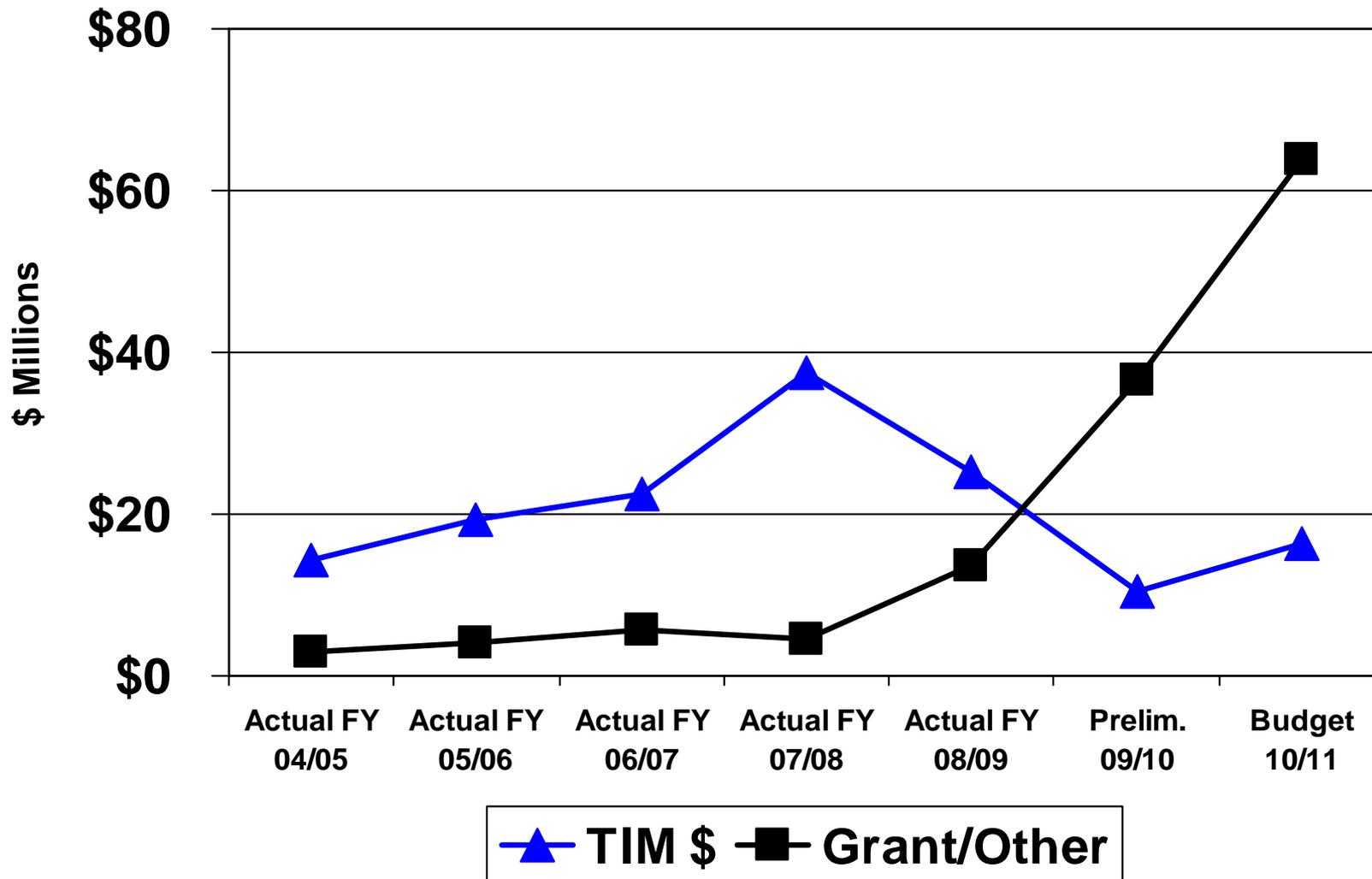


*Revenue to
support CIP:*

All Figures In Thousands

	Prior	09/10	10/11	11/12	12/13	13/14	14/15-18/19	Future	Total
2004 GP El Dorado Hills TIM	15,327	0,000	3,018	1,593	2,020	1,990	20,571	104,014	155,732
2004 GP Hwy 50 TIM	5,537	808	301	357	1,153	7,073	34,510	10,420	60,168
2004 GP Silva Valley Interchange Set Aside	145	12	12	94	24,036	25,200	14,980	1,570	65,120
2004 GP TIM	7,022	2,100	4,550	5,251	6,408	3,720	71,280	24,442	124,703
Air Pollution Control District Grant	35	0	0	0	0	0	0	0	35
American Recovery & Reinvestment Act (ARRA)	0	5,174	0	0	0	0	0	0	5,174
Anticipated Grant	0	0	0	582	0	0	50	5,052	5,084
Barnett Business Park Agreement	228	0	0	0	0	0	0	0	228
Base Lake Hills PFFP	2	50	345	0	0	0	0	0	397
Biocyte Transportation Account (BTA)	68	0	0	0	0	0	0	0	68
CA Integrated Waste Mgmt Board (CIWMB)	173	0	0	0	0	0	0	0	173
Casino	0	5,002	702	0	130	15,320	0,005	21,587	48,800
Congestion Mitigation and Air Quality Program	1,700	0	0	0	0	0	0	0	1,700
Contractor Reimbursement	8	0	0	0	0	0	0	0	8
Corridor Mobility Improvement Account	4,197	7,060	8,143	0	0	0	0	0	20,000
Developer Advance - EDH TIM	803	105	60	0	0	0	10	1,457	2,435
Developer Advance TIM	234	730	13,084	8,000	12,565	700	0	0	36,018
Developer Funded	108	60	3,431	10	1,412	2,354	0	0	7,375
EDH Business Park Assessment District	0	0	0	0	0	0	0	3,200	3,200
El Dorado County Transportation Commission	0	21	38	82	0	0	0	0	140
El Dorado Hills Road Impact Fee	3,053	453	0	0	0	0	0	0	4,406
High Risk Rural Roads	168	180	024	0	0	0	0	0	1,281
Highway Bridge Program	1,400	3,320	7,053	7,176	6,705	2,287	0	0	27,950
Highway Safety Improvement Program	51	211	2,176	1,176	0	0	0	0	3,614
In-Lieu Fees	108	0	0	0	150	0	0	0	258
Interim Highway 50 Variable TIM Fee	8,020	0,117	1,780	0	0	0	0	0	10,827
Master Circulation & Funding Plan Financing	0	2,110	810	2,114	645	52	52	0	5,783
Off Highway Vehicle Grant	8	67	8	172	0	0	0	0	255
Promontory Set Aside for Green Valley Road	1,865	0	0	0	0	0	0	0	1,865
Regional Improvement Program	0	2,868	17,076	6,662	0	0	0	0	27,506
Regional Surface Transportation Program Exchange Funds-Competitive (182.8d1)	266	0	0	0	0	0	0	0	266
Regional Surface Transportation Program Exchange Funds-Guaranteed (182.8h)	318	376	670	637	431	101	6	61	2,600
Regional Surface Transportation Program Federal Funds-Urban	0	0	0	0	0	0	0	531	531
Regional Surface Transportation Program-Federal	700	3,085	2,410	0	0	0	0	0	6,204
Road Fund/Discretionary	713	0	0	0	0	0	0	0	713
Safe Routes to School	0	310	660	921	0	0	0	0	1,900
SHOPP Funds	0	2,950	0	0	1,000	0	0	0	3,950
Silva Valley Interchange Set Aside	743	415	4,145	7,000	10,063	0	0	0	22,966
State Transportation Impact Mitigation Fee	28,284	0	0	0	0	0	0	0	28,284
State-Local Partnership Program (SLPP)	0	0	1,493	0	0	0	0	0	1,493
To Be Determined	0	0	0	0	0	0	0	34,178	34,178
Traffic Impact Mitigation Fee (West Slope)	4,051	1,467	2,580	548	690	551	3,136	0	13,936

DOT is now more reliant on grant funds than TIM Fee revenues for Road/Bridge CIP Projects:



Projected Road Fund Operations Revenues and Expenditures:

\$ Millions

<u>Fiscal Year</u>	<u>09/10</u>	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>	<u>13/14</u>
Revenues - TOTAL	36.8	32.3	30.6	29.8	29.8
Annual Revenues		20.9	20.9	20.9	20.9
Hwy Users Tax		8.8	8.9	8.9	8.9
Traffic Cong. Relief		0	0	0	0
Prop 1B		0	0	0	0
Federal Forest Reserves		1.3	0.3	0	0
General Fund*		1.2	0.5	0	0
Other		0.1	0	0	0
Expenditures - TOTAL		39.6	33.7	33.5	32.6
Annual Expenditures		33.2	33.2	33.2	33.2
Chip Seal, Slurry Seal		2.4	0	0	0
One-Time Expenditures		4.1	0.5	0.3	-0.6
Ending Fund Balance	13.5**	6.2	3.1	-0.5	-3.3

* Does not include allocation for capital overlays

** Includes one time Prop 1B funding (\$4.3M)

***DOT is monitoring all revenue sources;
for example:***

- Road Fund Revenue Sources:
 - Hwy Users Tax (aka “Gas Tax”)
 - Has been stable
 - State has deferred payment on a portion
(FY 09/10 and 10/11)
 - The potential exists for State to borrow and impact cash flow
 - Federal Forest Reserve Revenue - *\$1.3M in FY 10/11*

Key Observations:

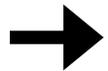
- DOT has been building up reserves over time.
- Current reserves limited in allowing the County to continue to design and deliver projects and/or leverage monies as matches for future grants
- Most fund balances are adequate to allow the County time to make good decisions regarding potential changes.

Key Observations (Con't):

- Several revenue sources have been, or may be impacted.
- DOT will need to:
 - *Monitor expenditures and revenue forecasts closely;*
 - *Consider shifts in types of funding DOT receives (e.g., TIM Fees to grants) and determine implications of those shifts;*
 - *Analyze options for streamlining and right-sizing of the organization.*

Agenda

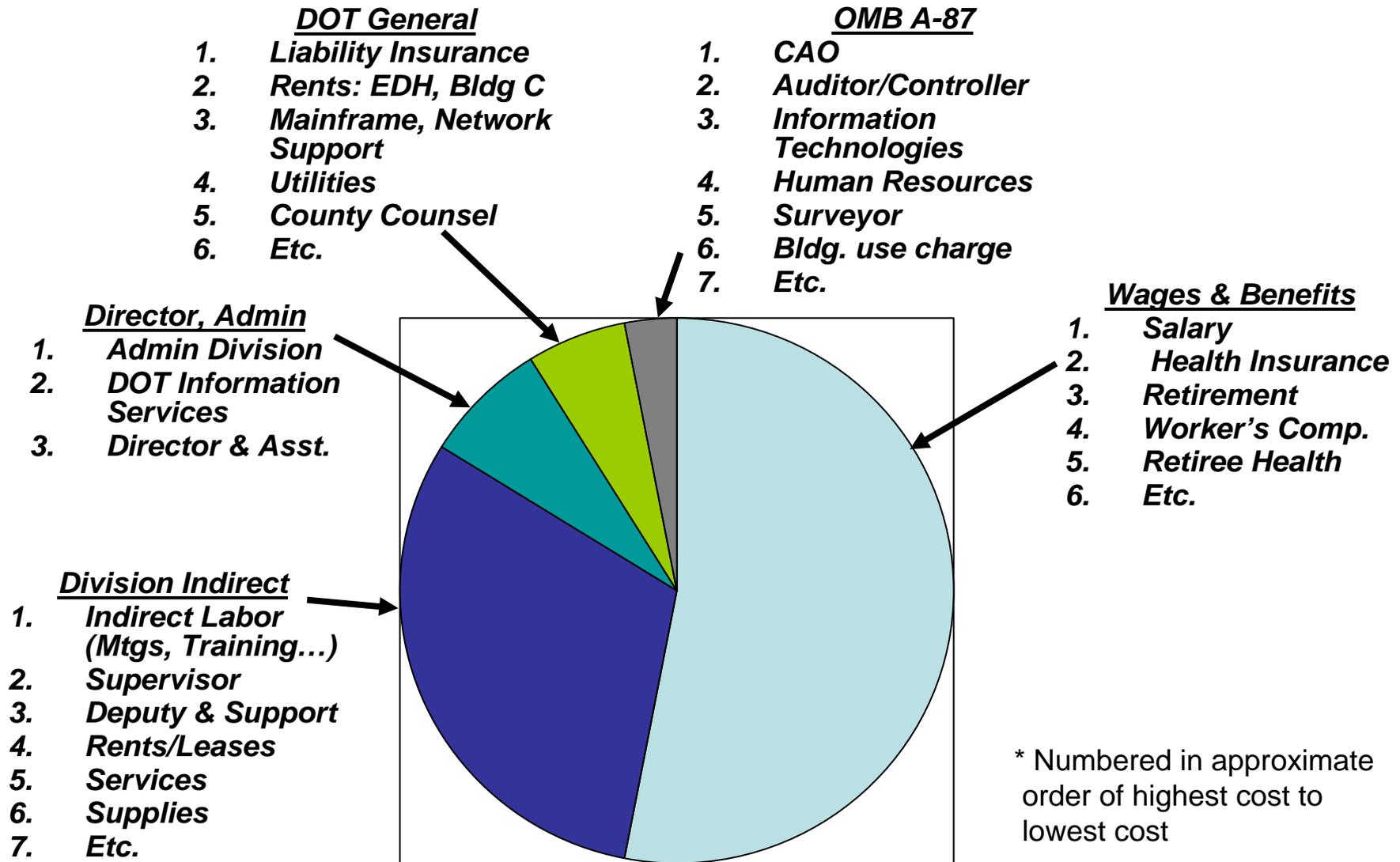
- Current Status of Funding



- DOT's Road Fund Rates

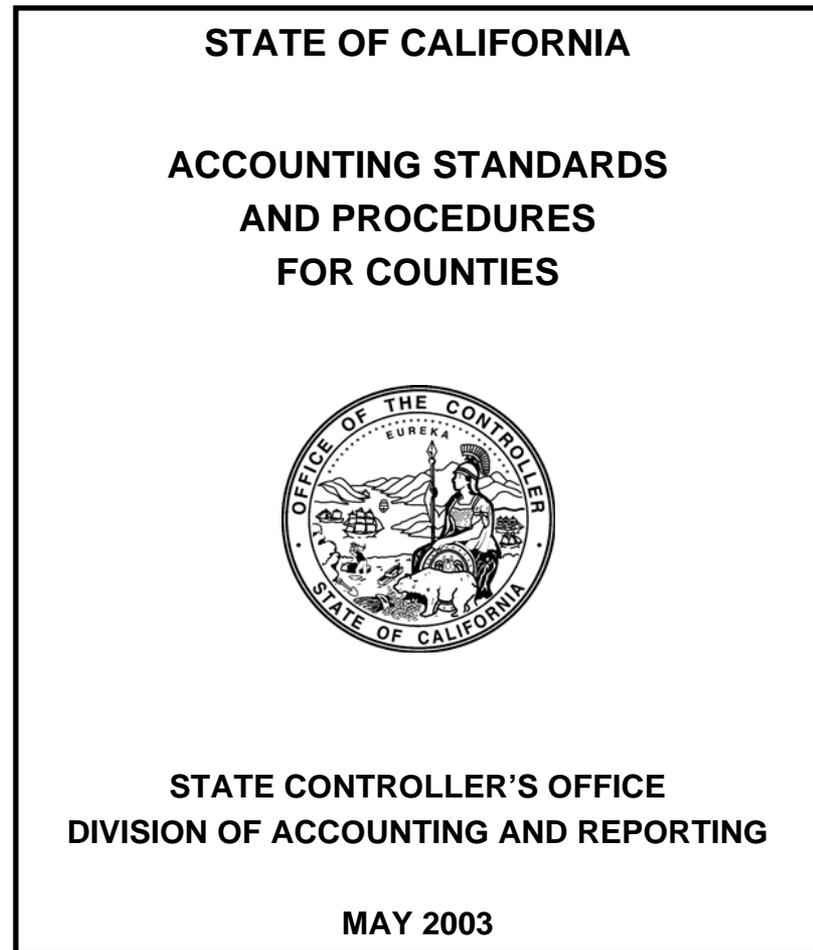
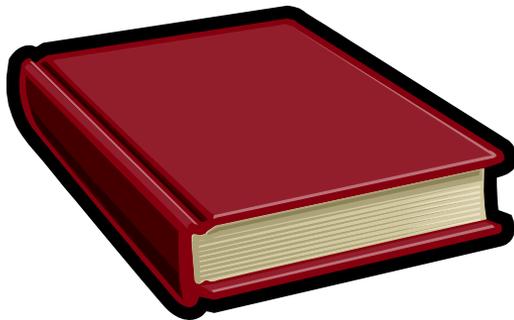
- Next Steps

There are 5 components in DOT's Labor Rates:*



* Numbered in approximate order of highest cost to lowest cost

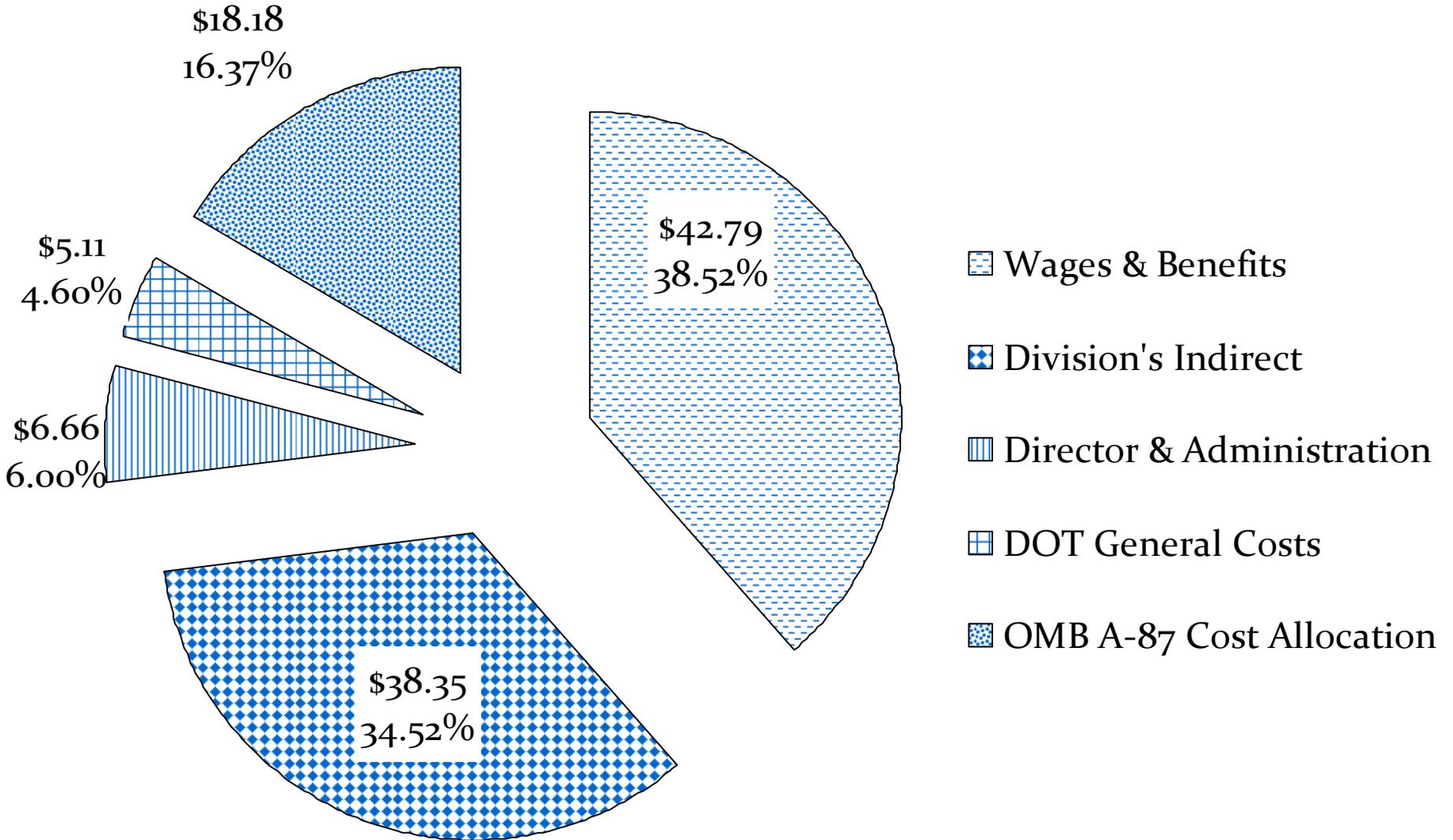
***Methodology is prescribed in:
State Governmental Accounting Standards for Counties –
Chapter 9, Appendix A - Road Fund Accounting***



Guiding Principle - All costs must be captured and accounted for in billings.

- DOT is a Special Revenue Fund structured in a way that allows the County to receive State and Federal funding, which includes Gas Tax and Grants
- Costs must be allocated to programs in proportion to the benefit derived
- DOT captures 100% of costs through detailed time tracking and other cost accounting methods
- DOT funds approximately \$1.5M of OMB A-87 costs that are included in the rates
- DOT does not currently receive a General Fund subsidy to “buy-down” rates

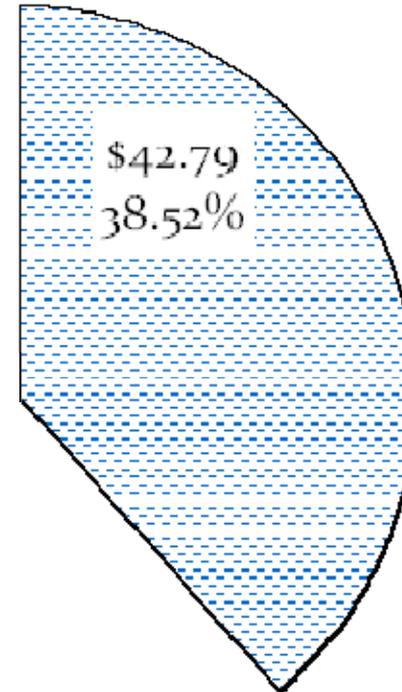
Fleet Services Technician II - Billable Rate \$111.09



Fleet Services Technician II - Billable Rate \$111.09

Wages & Benefits:

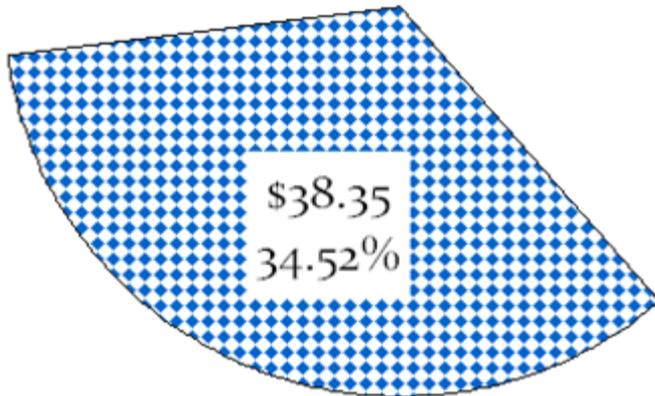
Wages	\$ 25.84
Retirement	\$ 5.11
Health Insurance	\$ 7.29
Medicare	\$ 0.37
Unemployment Insurance	\$ 0.19
Long Term Disability	\$ 0.09
Worker's Compensation	\$ 3.32
Retiree Health	\$ 0.46
Boot Allowance	\$ 0.11
Total	\$ 42.79



Fleet Services Technician II - Billable Rate \$111.09

Division's Indirect:

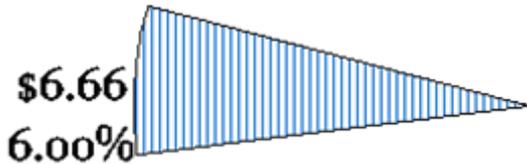
Deputy Director and his Support Staff (ASO, Admin Tech, Dept Analyst)	\$ 4.02
Immediate Supervisor (part of Supervisor)	\$ 6.54
Indirect Labor (Meetings, Training, Data Entry, Answer Phones, Run Rental Cars, etc.)	\$17.94
Clothing & Personal Supplies	\$ 0.06
Laundry	\$ 0.63
Refuse Disposal	\$ 0.03
Janitorial/Custodial Services	\$ 0.63
Vehicle Maintenance Supplies	\$ 1.84
Maintenance: Building & Improvements	\$ 1.05
Maintenance: Building Supplies	\$ 0.63
Memberships	\$ 0.10
Professional & Specialized Services	\$ 1.56
Medical & Sobriety Examinations	\$ 0.08
Equipment: Small Tools & Instruments	\$ 0.52
Equipment: Minor	\$ 0.73
Rent & Lease: Vehicle	\$ 1.05
Fuel Purchases	\$ 0.52
Utilities	<u>\$ 0.42</u>
Total	\$38.35



Fleet Services Technician II - Billable Rate \$111.09

Director & Administration:

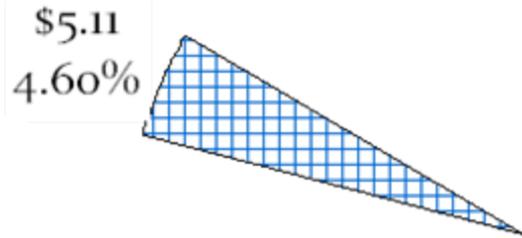
DOT Director and Assistant	\$ 0.82
DOT Fiscal, Accounting & Budget Operations	} \$ 3.95
DOT Office Management/HR	
DOT Information Services	<u>\$ 1.89</u>
Total	\$ 6.66



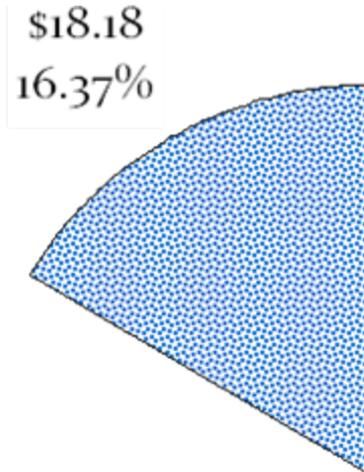
Fleet Services Technician II - Billable Rate \$11.09

DOT General Costs:

Telephone Vendor Payments	\$ 0.01	Interfund: Phone Equip. & Support	\$ 0.43
County Pass Thru Phone Charges	\$ 0.03	Interfund: Radio Equip. & Support	\$ 0.04
Household Expenses	\$ 0.01	Interfund: Mail Service	\$ 0.02
		Interfund: Stores Support	\$ 0.06
		Interfund: Central Duplicating	\$ 0.02
		Interfund: Mainframe Support	\$ 0.40
		Interfund: County Counsel	\$ 0.20
		Interfund: IS Program. Support	\$ 0.02
		Interfund: Maint. Bldg & Improve.	\$ 0.23
		Interfund: Network Support	\$ 0.51
DOT Janitorial/Custodial Services	\$ 0.04	Intrafund: Privacy Compliance	\$ 0.04
Insurance: Premiums-Liability	\$ 2.35	Medical, Dental & Lab Services	\$ 0.02
Office Expense	\$ 0.19	Amortization	\$ 0.07
Postage	\$ 0.02	Misc. Other	<u>\$ 0.06</u>
Printing/Duplicating Services	\$ 0.02		
Professional & Specialized Services	\$ 0.03	Total	\$5.11
Rent & Lease Equipment	\$ 0.13		
LMIS Direct Charge	\$ 0.15		



Fleet Services Technician II - Billable Rate \$111.09



DOT OMB A-87 Cost Allocation:

Building Use Charge	\$ 0.09
Equipment Use Charge	\$ 0.04
Administration	\$ 0.68
Auditor-Controller	\$ 0.55
County Counsel	\$(0.08)
Human Resources	\$ 0.22
Employee Benefit	\$ 0.01
Information Technologies	\$ 0.38
Support Services	\$ 0.03
Property Management	\$ 0.01
Facility Services	\$ 0.03
Communications	\$ 0.07
Annual Audit	\$ 0.05
Treasurer/Tax Collector	\$ 0.00
Surveyor	<u>\$ 0.13</u>
Total	\$ 2.20
Roll Forward	<u>\$ 0.30</u>

DOT A-87 Total \$2.50

Fleet OMB A-87 Cost Allocation:

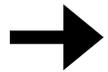
Equipment Use Charge	\$ 1.33
Co. Admin	\$ 4.20
Auditor-Controller	\$ 5.66
Human Resources	\$ 0.49
Employee Benefit	\$ 0.03
Information Technologies	\$ 2.21
GS Support Services	\$ 0.13
Facility Services	\$ 0.26
Annual Audit	<u>\$ 0.09</u>
Total	\$14.41
Roll Forward	<u>\$ 1.26</u>

Fleet A-87 Total \$15.68

Grand Total Fleet & Dot A-87 \$18.18

Agenda

- Current Status of Funding
- DOT's Road Fund Rates



- Next Steps

Next Steps (I):

- Evaluate sustainability of historical revenue streams
- Identify options for those revenues under pressure
 - *Evaluate obligations of current reimbursement agreements in the TIM Fee Funds (Zone 8)*
 - *Revisit timing of projects (slow down, move out)*
 - *Identify critical projects*

Next Steps (II):

- Understand benefits and liabilities of pursuing grants:
 - *Reimbursements lag expenditures, resulting in cash flow issues*
 - *Non-reimbursable costs of pursuing grants*
 - *Not being reimbursed for certain costs*
 - *Exceeding maximum grant allocation, requiring County augmentation*
 - *Match requirements*
 - *Timing of Grant Approval*
- Develop a framework for evaluating and choosing which grants County should pursue

Next Steps (III):

- Evaluate and identify core components that are “*Mission-critical*” and that can be funded:
 - e.g., *Road fund safety-related road maintenance*
Versus
Activities that are “nice to do” but have liabilities associated with funding
- Determine staffing levels required to deliver core components
- Determine strategy for maintaining resources to match fluctuating revenue streams

Next Steps (IV):

- Evaluate the risks and fiscal efficiencies of the Current Organizational Model and options for Alternative Organizational Models
 - *Required staffing levels*
 - *Appropriate levels of requisite management, considering acceptable Span of Control*
 - *Overhead and Indirect Components*
 - *Use of Consultants*

Next Steps (V):

- Evaluate opportunities for change
 - Consolidation:
 - Assemble revenues from different programs to sustain a smaller organization:
 - *Example: A single, multi-disciplined Design function*
 - Requires:
 - Multi-discipline in-house staff
 - Contracting out for special expertise
 - Strong in-house skills:
 - » *Project Management*
 - » *Critical Path Forecasting*
 - » *Contract Management*
 - » *Design and Construction Management*

Next Steps (VI):

DOT Labor Rates:

- Analyze components
- Evaluate the relationship of rates to the organizational structure
- Evaluate ways to reduce charges to other County Departments

Next Steps (VII):

- Evaluate ramifications of choosing different time horizons for trying to preserve the fund balance:
 - *DOT has time now to consider options*
- Evaluate the impacts of:
 - *Changing course at different points in time*
 - *Preserving Reserves*
 - *Losing cushion provided by larger reserves*
- Identify options for when the reserves are unavailable

Return to the Board on 8/23/10 to review:

1. Insights developed from gathering information and evaluating alternatives;
2. Initial list of alternative courses of action, including potential restructuring options and consolidation of functions;
3. Costs/benefits associated with alternatives;
4. Preliminary conclusions/recommendations.



Comments?

Feedback?



Suggestions?