



April 29, 2011

MEMORANDUM

TO: Transportation Technical Committee
Policy Advisory Committee
COG Policy Board

FROM: Tony Boren, Executive Director
Barbara Steck, Deputy Director
Les Beshears, Finance Director

SUBJECT: Final FY 2011-12 Overall Work Program

Recommendation:

Staff recommends adoption of the Final FY 2011-12 Overall Work Program, totaling \$16,200,255.

Summary

The draft FY 2011/12 Overall Work Program (OWP) was released in February for your review. Subsequent to that, staff met with the Policy Advisory Committee Budget Subcommittee, who after reviewing the draft OWP, made several recommendations to provide greater budgetary transparency to the Policy Board. The Intermodal Planning Group, made up of our Federal and state funding partners also convened in March 2011 and suggested some recommendations as well. With those recommendations in mind, COG staff has developed an additional tool, a Financial Summary, to assist with developing an understanding of the OWP process. The Financial Summary provides a line item budget to be used in conjunction with the traditional OWP.

In addition, the OWP format has been modified to provide greater transparency, and the cost of various projects have been added or updated as well. This year's budget total reflects a decrease of 6% (\$950,202) from the approved FY 2010-11 budget. Federal revenues decreased \$211,506 reflecting completion of the FTA 5307 funded *Very Fast Starts* rapid transit project and a lower draw on FHWA PL reserves. State revenues increased 8% largely due to a Prop 84 state grant for Sustainable Communities, which offsets lower funding activity in Blueprint planning. Local Revenues decreased 18%, (\$1,140,072) largely due to completion of the large Measure "C" funded Public Transportation Infrastructure Study.

A number of the comments received during the PAC Budget Subcommittee review of the OWP were focused on the fiscal operations of the COG; and I believe reflect the general funding challenges being faced at all levels of government. With this in mind, I offer the following: Up to this point in time, Fresno COG and COGs in general, have been fortunate that our funding streams have not yet been severely impacted. However, based on the insolvency of the federal Highway Trust Fund which provides the bulk of federal transportation funding for our operations, we feel it is likely only a matter of time before our funding will be impacted as well.

City of Clovis
City of Coalinga
City of Firebaugh
City of Fowler
City of Fresno
City of Huron
City of Kerman
City of Kingsburg
City of Mendota
City of Orange Cove
City of Parlier
City of Reedley
City of San Joaquin
City of Sanger
City of Selma
County of Fresno

With this prevailing assumption in mind, and in keeping with past historical practice, Fresno COG conducts itself as a relatively fiscally conservative organization, one which relies on financially prudent administrative practices, as well as an organization that utilizes the best of both public and private sector management practices. For example, you will learn that Fresno COG utilizes a defined “contribution” pension plan rather than a defined “benefit” plan; has a performance based employee evaluation process rather than the traditional civil service “step” system; and has, through the combination of recruiting highly qualified staff and technology, been able to keep staffing levels constant while areas of responsibility have grown.

It is my administrative belief that the questions raised by the PAC Budget Subcommittee and the ensuing discussions will demonstrate that Fresno COG has adequate financial reserves, no large unfunded liabilities outstanding, revenue funding streams that have not been seriously compromised to date, and lastly, as a public agency, managed to keep expenses in line with revenues without the draconian cuts most government agencies are presently going through. In addition, it is important to understand that currently “regional” government is one of the few areas where both the state and federal governments are channeling resources. Hence, while most state, county and local agencies are suffering severe cutbacks, in some instances, regional agencies are receiving large amounts of federal or state funding that we use as “one time” consulting engagements instead of ramping up staff to unsustainable levels. A close eye is also kept on the political and administrative climates in Washington DC and Sacramento, to determine if changes to current administrative practices are warranted, and if so timely recommendations are made to the COG Policy Board.

Budget and Work Element Format Changes

In an effort to provide the greater transparency requested by the PAC Budget Subcommittee, the various budget formats in Appendix M of the Overall Work Program have been modified and additional schedules have also been added. The traditional budget revenue and expenses presentation now includes side by side comparisons of prior year actual cost, the adopted budget for the current year, and the proposed budget.

The expense presentation now subtotals salary, benefit, and operating overhead cost centers so an analytical assessment can be made of the cost to operate the agency, separate from the cost to carry on all the various consulting contracts and grant funded projects. In addition, line item accounts have been created to detail the cost of each benefit item. COG is required to bill salaries, benefits, and overhead to state and federal funding agencies using a Standard Cost methodology as prescribed by federal Circular A-87. The cost of staff salary, benefits, and overhead is spread through the various work elements using Standard Cost based on direct hours worked. This methodology results in either an over recovery or under recovery of cost at year end which is carried forward into future Indirect Cost Negotiations with Caltrans audits and investigations. Sufficient revenues must be programmed in the year of the recovery, therefore, a line item has been added, ICAP – Cost Carry Fwd & Depreciation, to reconcile the actual cost of salaries, benefits, and overhead to the Standard Cost system.

The spread of staff resources among the work elements can be dynamic from year to year as planning emphasis areas may change. A new planning program may be introduced, or a project is completed and staff is redirected to other projects as a result. This makes analysis of staff cost spread among the individual work elements over a three year period awkward, therefore a table is provided showing the total staffing of the agency by position so personnel can be viewed from a macro perspective. The table shows that staffing has remained consistent over the three year period. A schedule is also provided showing the hours each staff person is assigned in each work element, the total cost of the work element, and the source of funding as requested by the Budget subcommittee.

The cost of the various grant programs and projects the agency is involved with are accounted for as Other Direct Costs. The expenses have been sorted into various accounts so an analytical assessment can be provided for the cost of each category of expense. The Direct Cost accounts have been summarized in the budgetary expense presentation, however a detailed schedule of these expenses is provided that list each cost component, the work element it belongs in, and the funding sources. Additional information is provided to show the source of various local (non federal) funds. The cost detail is also provided in each work element so the expenses can be looked at on a program basis.

The Budget subcommittee was also concerned with agency operating levels within the context of available revenues and reserves, and the overall cuts that government agencies are experiencing. So far we have not been effected, as the agency operates well within available revenues, has adequate reserves, no large unfunded liabilities, and revenue streams so far have not been seriously compromised by the general economic malaise.

Comparison of 2009/10 Actual Cost to 2011/12 Budget

The inclusion of the prior year actual cost presents an interesting comparison between financial reality and budgetary protocol. It also provides an example of just how far under our available revenues we operate the agency as we have the capacity to charge a lot more "staff administration" to these large grants than we are currently doing. The actual cost expenditure for 2009/10 was \$6,926,970, which is \$9,273,285 below the 2011/12 budget. \$8.7 million of this difference is in the Other Direct Cost category. There are various reasons for this great discrepancy. Some of our large projects are spread over two or more years, and State and federal funding agencies require the entire multi year project to be programmed in the current budget. COG administration for grant funded projects in future years is carried in an account labeled Grant Administration to prevent distorting the Salary and Benefit categories. In addition our JARRC/New Freedom programs were just getting started in 2009/10 and incurred under \$200,000 in expense, while the 2011/12 budget for these programs is now over \$4 million. In addition, we have a \$1,000,000 grant for sustainable communities that significantly increased the categories for printing, workshops promotion/outreach, and grant specific travel. When contingencies for COLA, health insurance, and the Fresno County Rural Transit Agency's new position are factored out of the 2011/12 salaries and benefits budget, actual overall staff salaries and benefits are up 7% from 2009/10 reflecting normal employee step increases, health insurance which increased 12% in 2010/11, and a full compliment of positions, as there were vacancies in 2009/10.

Staffing

There is one less position in the staff chart this year reflecting elimination of a position that had been held open for an employee with a long term health condition. Nominal increases are provided for COLA and benefit increases. Staff continues to monitor health insurance cost in light of the current federal issue under debate. Our health insurance broker indicates renewals are currently coming in under 15%. Savings from management action in the previous year dramatically reduced the net cost of health insurance to the agency therefore even with anticipated reasonable increases, benefits show a reduction in cost.

Office Overhead

Our lease contract contained renewal provisions that escalated the lease \$10,683. It is also anticipated the cost of PG&E and maintenance will increase \$8,200 from 2010/11. Staff renegotiated leases on copier equipment that will lower lease cost \$2,500 and anticipate printing savings of \$4,664. Travel is increased \$3,000. Other savings were recognized in postage, insurance and subscriptions, reflecting a net decrease in overall overhead expenses of \$2,219.

FY 2011/12 Work Element Highlights

WE 110 Regional Streets and Roads – This \$117,810 work element provides for general streets and roads planning. It is being reduced \$149,533 from previous year's levels as staff resources are being diverted to administrate various new grant and emphasis areas. In response to new state requirements the county will develop a template Night Visibility program that may be used by other cities.

WE 111 Regional Transportation Modeling – Staff resources are being increased in this work element to address additional traffic modeling requirements. Consulting projects that were budgeted in 2010/11 have not been started yet and will be included in 2011/12. An additional \$15,000 is also budgeted for Sketch Modeling Software.

WE 112 Regional Traffic Monitoring – This program provides the traffic count information that is used in the HPMS database and to calibrate our traffic model. \$58,470 in additional agency flow through is provided to the cities of Fresno, Clovis and Fresno County traffic count programs.

WE 114 Intelligent Trans. Systems – It has been several years since we performed an analysis of our Intelligent Transportation Systems network. FHWA has requested we create this new \$74,185 work element to update our existing ITS plan.

WE 115 Regional Trans. Mitigation Fee – \$20,000 is provided for COG staff to administrate the RTMF fee and a \$30,000 on call contract with PB America for technical support and analysis.

WE 117 Golden State Corridor – \$240,000 is carried over from 2010/11 for this Measure C funded study to develop a economic development and infrastructure project along the historical Hwy 99 from Fowler through Kingsburg.

WE 120 Public Transportation – Urban – \$100,000 to do FAX Transit studies and \$50,000 for completion of the Transit Consolidation study is being carried over from 2010/11. Agency pass through is reduced \$136,970 to reflect elimination of unused contingency in FAX's 5307 grant.

WE 121 JARRC – A schedule in the work element itemizes \$3.5 million in Transit projects for FAX, FCRTA, and FCEOC. Staff administration is funded with FTA 5303 planning funds to leave more project funding on the table for project sponsors.

WE 122 New Freedom - A schedule in the work element itemizes \$764,458 in Transit projects for FAX, FCRTA, and FCEOC. Staff administration is funded with FTA 5303 planning funds to leave more project funding on the table for project sponsors.

WE 130 - Public Transportation – Rural – This \$30,000 project provides funding for the Rural Short Range Transit Plan.

WE 150 Other Modal Elements - This \$24,775 work element provides for aviation and rail planning. It is being reduced \$22,000 from previous year's levels as staff resources are being diverted to administrate various new grant and emphasis areas.

WE 151 Bicycle & Pedestrian - This \$16,285 work element provides for general Bicycle and Pedestrian. It is being reduced \$15,000 from previous years levels as staff resources are being diverted to administrate various new grant and emphasis areas.

WE 152 High Speed Rail Planning – This work element sets aside \$100,000 in Measure C Planning funds to be used for High Speed Rail Planning efforts in the upcoming fiscal year.

WE 153 Airport Land Use Commission – This work element provides for the Airport Land Use Commission. Staff resources are being reduced and transferred to various new grant and emphasis areas.

WE 154 – San Joaquin Railroad Corridor - \$30,000 is set aside to examine short haul railroad right of way abandonment in Fresno County.

WE 170 - Regional Transportation Plan - \$100,000 is set aside to develop performance criteria for the Regional Transportation Plan.

WE 172 - Congestion Management Program – This work element is unchanged.

WE 180 – Air Quality Planning - This \$257,998 work element provides for Air Quality and Conformity analysis. It is being reduced \$49,114 from previous year's levels as staff resources are being diverted to administrate various new grant and emphasis areas.

WE 210 – Measure C Extension - This work element provides for updates to Measure C plans and programs. \$53,900 is budgeted to update Measure C program handbooks and \$72,000 for Strategy Research Institute.

WE 211 – Measure C Oversight Committee - \$10,500 to convene the Measure C Oversight Committee.

WE 212 – Measure C Rideshare/Van Pool - The Commuter Van Pool budget is reduced \$67,160 to reflect lower than anticipated participation.

WE 214 – Measure C ADA/Seniors - The Taxi Scrip program continues to gain popularity. \$5,000 is budgeted to design a web based system for tracking the Scrip.

WE 215 – Measure C Farm Worker Van Pool - Staff is reduced \$5,375.

WE 220- Transportation Program Development - This program is for administration of the Federal Transportation Improvement Program and provides \$50,000 for web based "Fresno Track" so members can track federal aid projects through the internet.

WE 310 – Intergovernmental Coordination - \$30,000 in Agency flow through is provided for the cities of Fresno, Clovis, and County of Fresno program to provide intergovernmental review of COG programs.

WE 311 – Public Information and Participation - \$30,000 is provided for publication of the Transit Guide.

WE 312 – COGVIEW Internet Home Page - This work element is reduced \$30,000 reflecting completion of a major Web Site update in 2010/11.

WE 313 – Environmental Justice - \$29,582 in staff is reserved to monitor Native American activities and other Environmental Justice issues.

WE 320 - Technical Assistance to Members – The \$5,000 reduction in Agency pass through reflects completion of the County of Fresno Fig Garden project.

WE 330 – Outside Technical Services – This work element is funded by miscellaneous model runs purchased by outside consultants.

WE 340 - TDM Program – This program provides support for the Valley Rides ride match function.

WE 350 - One Voice Advocacy - This work element provides \$74,683 in staff support for One Voice trips to Washington DC and Sacramento, and \$9,500 for our Washington based consultant, in addition to

travel expenses. Staff support is funded with LTF. Lobbyist and travel expenses are funded with member dues and donations. Also budgeted is support for our pro rata share of our Valley Voice advocacy efforts. In addition, as our Executive Director is the current Chairman of the San Joaquin Valley COG Directors Association, we are budgeting an additional \$9,500 for our Washington based consultant for the San Joaquin Valley trip to DC in September 2011. California Consulting Inc.'s \$37,650 state lobbying contract is also part of this work element.

WE 410 – SJV Blueprint Planning – Staff support is increased for this work element to reflect decreased reliance on consultants to perform grant activities. \$104,500 is being carried over from FY 2010/11 to conduct a Land Use Density Study; along with \$25,000 for technical assistance and \$25,000 to maintain the Blueprint Tool Kit Database. Agency pass thru includes participation from Valley Metropolitan Planning Organizations.

WE 411 – Land Buffer Task Force - \$2,852 of staff time is programmed to complete the Farmland Survey.

WE 412 – Fresno County Metropolitan Area Multimodal Land Use Integration Project- \$17,250 of staff resources are being provided to match the City of Fresno's \$327,750 Agency pass through grant.

WE 413 – SB 375 Implementation - \$52,190 in staff resources and \$5,000 in public outreach is budgeted for SB 375.

WE 415 – SJV IPlaces Pilot Program - \$175,000 is carried over from FY 2010/11 for UC Davis and \$175,000 for EcoInteractive to develop an IPlaces Pilot Program.

WE 811 – SJV Valley Goods Movement – This \$650,000 study is funded by a \$300,000 SPR grant and \$350,000 in contributions from the San Joaquin Valley MPOs.

WE 813 – San Joaquin Valley Model Improvements for SB 375– This contract is funded by \$2.5 million in Proposition 84 grant funding. Staff resources are funded with FHWA PL.

WE 814 – Prop 84-Sustainable Communities Grant – This project is funded by a \$1,000,000 Dept of Conservation grant and is broken down into three phases, however overhead associated with the staff is funded with local funds. The first phase is the Sustainable Communities phase and it provides \$195,600 to develop a San Joaquin Valley Sustainable Communities Strategies plan that will also incorporate 16 public hearings around the Valley. The second phase is the SCS General Plan update phase (\$545,622) which will hire a circuit planner to assist the 46 cities under 50,000 in population in the San Joaquin Valley, to develop SCS elements for their general plan. The third phase of the project focuses on development of a San Joaquin Valley Green Print which entails developing a comprehensive plan for San Joaquin Valley open space. The OWP provides \$288,253 to accomplish this task.

WE 820 – San Joaquin Valley RTPA Coordination Activities- \$100,000 is provided for a consultant to coordinate SJV MPO/RTPA activities. This position is a jointly funded position with the cost being shared by each of the eight SJV MPOs. A \$150,000 grant from the San Joaquin Valley Air District to provide California Household Survey information to the SJV MPOs is also included in this work element. \$40,200 is also provided to San Joaquin COG for our pro-rata share of the San Joaquin Valley Air Quality Coordinator position.

WE 910 – COG Administration – This work element covers administrative items and provides for Board remuneration, member dues, non grant funded equipment and temporary help.

WE 912 – TDA Administration – This work element provides for administration of the TDA Trust, audit, legal counsel, and county auditor controller.

WE 920 – Fresno County Rural Transit Agency Administration - This work element is being increased \$77,353 to include a new Transit Manager position for six months.

WE 940 – Freeway Service Patrol – This work element is increased due to the three year contract being rebid.

WE 950 Abandon Vehicle Abatement Program - The COG has been designated the local Abandoned Vehicle Abatement Service Authority to administer the AVA Program and Plan. The program is funded by an assessment of a \$1 additional registration fee to be used exclusively for the purpose of abandoned vehicle abatement within Fresno County.