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July 1, 2011

Greetings AVTA Stakeholders!

We are very pleased to present the adopted Fiscal Year 2011/2012 Business Plan for the Antelope Valley Transit Authority. AVTA's theme for the upcoming fiscal year is Customer Service and Accountability. During the past twelve months, AVTA has experienced a complete turnover at the top of the organization. It has been a turbulent time for the agency, but with the leadership of the Board of Directors we have been made major progress toward "righting the ship." That being said, there is still much work to be done. We are up to the challenge!

Major system-wide initiatives during the next twelve months include:

1. Overhauling AVTA policies and procedures to meet Board objectives.
2. Maintaining the financial strength of AVTA by:
  - a. Revisiting the policy on capital reserves
  - b. Conducting a fare study to reverse declining revenue trends
3. Managing costs while maintaining reliable, quality service
  - a. Focusing on key performance indicators
  - b. Reviewing existing route plans for potential cost savings
  - c. Encouraging alternative service delivery models for paratransit; and
4. Maintaining AVTA's facilities and equipment.

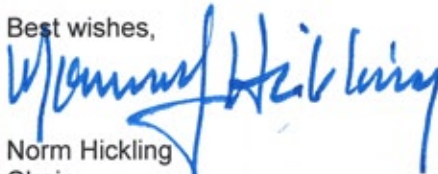
While the assumptions in this Business Plan are conservative, we have included sufficient funding for required consulting and training. The Plan assumes in-house maintenance; a 3% merit increase for staff; a 5% increase in the cost of contracting for services; some organizational changes; no change in employee benefits; no increase in farebox revenues, service levels or jurisdictional contributions; high fuel costs; and prepayment of our CalPers employer contribution. Steps are being taken to turn around the anticipated shortfall projected over the next few years.

Our contract with Veolia will expire on December 31, 2011, and we are in the process of procuring a new contract for services. The new service contracts have been revised to provide us with the tools we need to effectively manage the contracts for fixed route and paratransit services.

This Plan will be reviewed in January 2012 when we can more accurately project fuel and contract costs.

Thank you for your contributions and interest in the success of AVTA!

Best wishes,



Norm Hickling  
Chair



Julie M. Austin  
Executive Director



**ANTELOPE VALLEY TRANSIT AUTHORITY  
FISCAL YEAR 2011/2012 BUSINESS PLAN**

ADOPTED BY THE AVTA BOARD OF DIRECTORS ON JULY 26, 2011

# Table of Contents

<b>I. INTRODUCTION</b> .....	- 1 -
<b>II. MISSION STATEMENT AND SUMMARY</b> .....	- 4 -
A. MISSION STATEMENT .....	- 4 -
B. SUMMARY OF THE FISCAL YEAR 2011/2012 BUDGET .....	- 4 -
Table 1 – Summary of Revenues and Expenses .....	- 5 -
C. OVERALL SYSTEM STATISTICS .....	- 7 -
Table 2 – Overall System Statistics .....	- 7 -
<b>III. ABOUT THE AGENCY</b> .....	- 8 -
A. REPORTING ENTITY .....	- 8 -
B. STRUCTURE .....	- 8 -
<b>IV. FISCAL YEAR 2010/2011 ACCOMPLISHMENTS</b> .....	- 13 -
Table 3 – Key Performance Indicators for Prior Years .....	- 14 -
<b>V. BUDGET PROCESS</b> .....	- 18 -
<b>VI. SOURCES OF FUNDS</b> .....	- 19 -
A. OPERATING REVENUES .....	- 19 -
Chart 1 – FY2011/2012 Revenue Budget.....	- 19 -
Table 4 – Operating Revenues .....	- 21 -
Chart 2 – Fare Revenues and Operating Subsidies .....	- 22 -
B. CAPITAL REVENUES .....	- 22 -
Chart 3 – Revenue Sources for Capital Program .....	- 23 -
Table 5 – FY2011/2012 Capital Projects .....	- 24 -
Table 6 – Grant Carryover Schedule .....	- 25 -
<b>VII. USE OF FUNDS</b> .....	- 26 -
A. EXPENSES BY FUNCTION .....	- 26 -
Table 7 – Expenses by Function.....	- 27 -
Chart 4 – Expenses by Function.....	- 27 -
B. BY EXPENSE CATEGORY .....	- 28 -
Table 8 – Expenses by Category .....	- 28 -
Chart 5 – Expenses by Category .....	- 28 -
<b>VIII. FISCAL YEAR 2010/2011 ACCOMPLISHMENTS AND FISCAL YEAR 2011/2012 GOALS BY FUNCTION</b> .....	- 29 -
A. EXECUTIVE SERVICES.....	- 29 -

August 4, 2011



Chart 6 – Executive Services Expenditures.....	31 -
Table 8 – Executive Services Expenditure Detail .....	31 -
<b>B. OPERATIONS AND MAINTENANCE.....</b>	<b>32 -</b>
Chart 7 – Operations and Maintenance Expenditures.....	35 -
Table 9 – Operations and Maintenance Expenditure Detail .....	36 -
Table 9 – Operations and Maintenance Expenditure Detail (Continued) .....	37 -
<b>C. FINANCE AND ADMINISTRATION.....</b>	<b>38 -</b>
Chart 8 – Finance and Human Resources.....	43 -
Chart 9 – Administration.....	43 -
Chart 10 – Information Technology.....	43 -
Table 10 – Finance and Human Resources .....	44 -
Table 11 – Administration .....	45 -
Table 12 – Information Technology .....	45 -
<b>D. CUSTOMER AND PUBLIC INFORMATION SERVICES .....</b>	<b>46 -</b>
Chart 11 – Customer and Public Information Services Expenditures.....	48 -
Table 13 – Customer and Public Information Services Expenditure Detail .....	49 -
<b>E. PERSONNEL OPERATING BUDGET.....</b>	<b>50 -</b>
Table 14 – Personnel Budget .....	50 -
Table 15 – Personnel Detailed Budget .....	51 -
<b>F. FISCAL YEAR 2011/2012 CAPITAL PROGRAM.....</b>	<b>52 -</b>
Chart 12 – FY2011/2012 Capital Program.....	52 -
Table 16 – Capital Program .....	53 -
<b>IX. MODAL BALANCES OF MEMBER JURISDICTIONS .....</b>	<b>55 -</b>
<b>X. FIVE-YEAR FORECAST .....</b>	<b>58 -</b>
Table 17 – Five-Year Financial Forecast.....	58 -
<b>XI. OTHER INFORMATION.....</b>	<b>60 -</b>
A. TRANSIT SERVICE BY TYPE.....	60 -
B. FLEET .....	64 -
Table 18 – Fleet Inventory as of May 2011 – Active Only .....	64 -
<b>XII. FUNDING AND GRANT DESCRIPTIONS .....</b>	<b>65 -</b>

August 4, 2011



# I. INTRODUCTION

## SUMMARY

This document provides detailed information about the operations and capital plans of the Antelope Valley Transportation Authority (AVTA) for the fiscal year beginning July 1, 2011 through June 30, 2012 (Fiscal Year 2011/2012). It reflects AVTA's increased focus on customer service, performance-based goals and objectives, and safe, convenient transit operations. The Plan is conservative; it assumes no increase in fare revenues or ridership; a three percent merit increase for staff with no step increases; in-house maintenance; and a five percent increase in the cost of providing transit service when the new contract is awarded in January 2011. Every line item of the budget was reviewed to validate the underlying assumptions and specific expenses and ensuring an overall focus on customer service and accountability.

AVTA now operates twelve (12) local routes, three commuter routes and three supplemental routes, with approximately 2.6 million boardings each year. This Plan assumes development of strategies to reverse the negative trend of decreasing fare revenues by realigning our fare structure and making our service more efficient. We also plan to implement service modifications to ensure a more customer-friendly system that gets people where they need to go.

### Financial Overview

Fare revenues and operating subsidies available to AVTA in FY 2011/2012 will total \$23.39 million. With estimated operating expenses of \$22.64 million, we anticipate excess revenues over expenditures of approximately \$751,000. The operating budget includes \$9.09 million for purchased transportation. The capital program includes \$15.14 million in planned expenditures, primarily programmed for buses, data and communication, Phase II facility improvements, and a continuation of AVTA's program to partner with member jurisdictions through the Bus Stop Improvement Program.

### Explanation of Major Business Plan Categories

*Key Performance Indicators (KPIs):* KPIs are the measures that AVTA will be using in FY 2011/2012 to monitor progress toward the achievement of business goals.

*Departmental Mission and Responsibilities:* Describes the scope of the department's functions, provides a summary of the department's structure and the detailed results of operations for Fiscal Year 2009/2010, budget and estimates for fiscal year 2010/2011, and the operating and capital budget for FY 2011/2012.

*Accomplishments:* Explains the major accomplishments of each department for FY 2010/2011.

*Highlights:* Explains the goals of each department for FY 2011/2012.

### Risk Factors

The FY 2011/2012 Business Plan relies on various assumptions regarding revenues and costs. Management provided best efforts to identify goals and the corresponding resources needed to achieve the goals. Actual revenues, particularly fare revenues and tax-based operating subsidies, and actual costs of major items such as fuel, could significantly impact this Plan and may result in the need for mid-year adjustments. Actual costs and savings associated with each of the following will determine the applicability of this proposed budget:

- Savings from service modifications
- Actual contractor costs effective January 1, 2012
- Status of maintenance (in-house vs. contracted)
- Potential savings from a new paratransit service model

### Summary

Over the course of AVTA's existence, it has faced a number of challenges. However, with the Board of Directors' continued leadership and oversight and with the dedicated staff, AVTA will emerge with a robust transit system providing excellent customer service.

## **THE ANTELOPE VALLEY TRANSIT AUTHORITY**

The cities of Lancaster and Palmdale and the County of Los Angeles joined together in 1992 to create the Antelope Valley Transit Authority (AVTA) to meet the growing need for public transportation in the Antelope Valley. AVTA began transit service on July 1, 1992.

AVTA began operations with three services: Transit, Commuter and Dial-A-Ride. AVTA's total service area covers 1,200 square miles and is bounded by the Kern County line to the north, the San Bernardino County line to the east, the Angeles National Forest to the south, and Interstate 5 to the West.

Until recently, AVTA's customer base has grown steadily; ridership nearly tripled during its first decade of operation. While ridership has increased recently due to the high cost of gas, overall downward trends in ridership over the past three years mean that it's time for AVTA to reexamine its service.

Prior to the Great Recession, the Antelope Valley experienced rapid growth as new residents and businesses steadily relocated to the area. To keep up with the increased need for transit services, AVTA opened a new, larger facility in 2004 with state-of-the-art equipment for maintaining vehicle fleet. This facility offers the room to meet the growing mobility needs of the Antelope Valley.

## **II. MISSION STATEMENT AND SUMMARY**

### **A. MISSION STATEMENT**

Become the best possible transportation agency.

### **B. SUMMARY OF THE FISCAL YEAR 2011/2012 BUDGET**

It is the intention of staff to develop, in conjunction with the Board of Directors, a set of revised Key Performance Indicators (KPIs) which will be driven by the adopted business plan. These performance indicators will help identify:

- how well service is being provided to customers
- the areas where improvements may be needed
- the effects of actions previously taken to improve performance

The original intention was to establish these KPIs prior to adoption of the Business Plan. However, staffing shortages and software issues created unforeseen obstacles. Management staff will be proposing a strategic planning workshop be held with senior staff and the Board of Directors in July or August 2011 to review and refine AVTA's Mission Statement and goals and objectives. The KPIs will be determined based on the priorities established at the Strategic Planning workshop(s).

Once established, these indicators will be monitored on a monthly basis to assess system performance.

The following table summarizes revenues and expenses for FY 2009/2010, 2010/2011, and FY 2011/12.



**Table 1 – Summary of Revenues and Expenses**

	FY 09/10	FY 10/11			FY 11/12	
	Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	% Change over Prior Yr's Budget
<b>Operating Revenues</b>						
Fare Revenues	\$ 3,746,050	\$ 3,690,500	\$ 3,690,500	\$ 3,190,500	\$ 3,190,500	-14%
<i>Proposed budget is based on current trend</i>						
Operating Subsidies	\$ 9,484,078	\$ 13,645,077	\$ 13,645,077	\$ 11,451,930	\$ 16,802,268	23%
Other Non-Fare Revenues	\$ 45,260	\$ 35,000	\$ 35,000	\$ 117,500	\$ 115,000	229%
<i>Based on current trend</i>						
<b>TOTAL OPERATING REVENUES</b>	\$ 13,275,388	\$ 17,370,577	\$ 17,370,577	\$ 14,759,930	\$ 20,107,768	16%
<b>Operating Expenses</b>						
Contract Costs (Purchased Transportation)	\$ 9,733,906	\$ 7,992,999	\$ 7,992,999	\$ 8,823,000	\$ 9,086,000	14%
Fuel	\$ 1,939,320	\$ 3,314,520	\$ 3,314,520	\$ 2,514,000	\$ 3,520,000	6%
Other Operating Costs	\$ 1,531,734	\$ 2,102,722	\$ 2,102,722	\$ 2,243,600	\$ 3,388,058	61%
General & Administration Expenses	\$ 3,313,920	\$ 6,425,217	\$ 6,425,217	\$ 6,070,345	\$ 6,649,170	3%
<b>TOTAL OPERATING EXPENSES</b>	\$ 16,518,881	\$ 19,835,458	\$ 19,835,458	\$ 19,650,945	\$ 22,643,228	14%
Jurisdiction Contributions	\$ 3,145,691	\$ 3,284,632	\$ 3,284,632	\$ 3,284,632	\$ 3,286,382	0%
<i>Same level as last year includes Palmdale (Bus Stop Mtce for \$71,750) and Lancaster (Route 8 for \$68,943)</i>						
<b>Excess (Deficit) of Revenues over Expenditures</b>	\$ (97,802)	\$ 819,751	\$ 819,751	\$ (1,606,383)	\$ 750,922	-8%

**Summary of Major Budget Assumptions**

- The amount of transit service to be provided by AVTA is expected to meet public demands. Adjustments will be made based on route planning and financial review.
- Maintenance and parts will remain in-house and costs are reimbursable through the Federal Transit Administration's (FTA) Preventive Maintenance Program.
- Costs for contracted transit services are projected to increase by 5% on January 1, 2012.
- Fuel costs will remain high; this Plan assumes \$5 per gallon.

- The contributions of AVTA member jurisdictions (the “jurisdictional shares”) will be maintained, subject to review at mid-year.
- No fare increases are assumed for the budget but review of the fare structure will be conducted during the year.
  
- For federally funded projects, staff will maximize special terms of available grants, including FTA operating subsidies and the use of toll credits as local match to federal grants.
- Minimal change in the number of personnel.
- Certain positions will be upgraded and combined. Vacant positions will be filled.
- Merit increases will be awarded at a rate of up to three percent (3%) salary adjustment. Maintenance staff salaries and benefits will be reimbursed at 100 percent through the federal Preventive Maintenance program. The anticipated federal funding for maintenance staff compensation has been incorporated in the budgeted revenues.
- Maintain current employee benefit structure.
- Pay off pension liability. Annual lump sum pension contribution for FY 2011/2012 will be remitted by July 15, 2011.
- AVTA can fund the second phase of the transit facility, as well as all planned capital projects, without the use of debt financing.

## C. OVERALL SYSTEM STATISTICS

Table 2 – Overall System Statistics

Statistic	FY10	FY11 Estimate	FY12 Projected
Annual Boardings	2,827,173	2,573,412	2,575,000
<i>% Change</i>		-9%	0%
Revenue Hours	181,296	186,124	189,404
<i>% Change</i>		3%	2%
Revenue Miles	2,970,430	3,101,662	3,288,889
<i>% Change</i>		4%	6%
Operating Costs	\$16,518,881	\$19,650,945	\$22,643,228
<i>% Change</i>		19%	15%
Passenger Revenue	\$3,746,050	\$3,190,500	\$3,190,500
<i>% Change</i>		-15%	0%
<i>Capital Expenses</i>	\$8,912,579	\$13,994,050	\$15,138,867

The FY 2011/2012 Business Plan assumes that AVTA will provide 189,404 hours of service; 2.58 million boardings; and generate \$3.2 million in fare revenues. Cost increases in FY 12 reflect service added in FY2011/2012 that were not budgeted (Routes 1, 8 and two Commuter runs); potential new services in FY2011/2012 to provide better connections between Santa Clarita and the Antelope Valley; increasing fuel costs; and a temporarily increased reliance on consultants to develop a variety of initiatives related to long-term fare structure and development of stronger internal controls.

See Section VII - Sources of Funds for further information on revenues and Section VIII - Uses of Funds for more details on the operating and capital expenses.

### **III. ABOUT THE AGENCY**

The Antelope Valley Transit Authority is located in Southern California approximately 70 miles north of Los Angeles. Its principal office and bus facility for its active fleet of 84 buses is situated in the City of Lancaster. AVTA was formed to provide and administer public transportation services primarily for the citizens of Lancaster, Palmdale and certain unincorporated sections of the County of Los Angeles in the Antelope Valley area. The Greater Antelope Valley area encompasses over 3,000 square miles and includes both Northern Los Angeles County and Eastern Kern County and is home to approximately 500,000 residents. The Antelope Valley provides a thriving environment for economic growth and offers a wide range of benefits to businesses seeking to relocate or expand their operation.

#### **A. REPORTING ENTITY**

AVTA is a public entity organized on July 1, 1992, pursuant to Section 6506 of the Government Code of the State of California. AVTA is formed under a Joint Powers of Authority Agreement (JPA) whose members consist of the County of Los Angeles (a political subdivision of the State of California), the City of Lancaster and the City of Palmdale (each a municipal corporation of the State of California). The JPA members jointly fund their jurisdictional shares of transportation services to the Antelope Valley area.

#### **B. STRUCTURE**

##### **Board of Directors**

AVTA is governed by a six-member Board of Directors, comprised of two Directors appointed from each participating jurisdiction. An Executive Director manages AVTA and acts in accordance with the directions, goals and policies approved by the Board in accordance with the duties specified in the applicable sections of the Government Code of the State of California and the JPA.





**Chairman**  
**Norm Hickling**  
County of Los Angeles



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City of Palmdale



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City of Lancaster



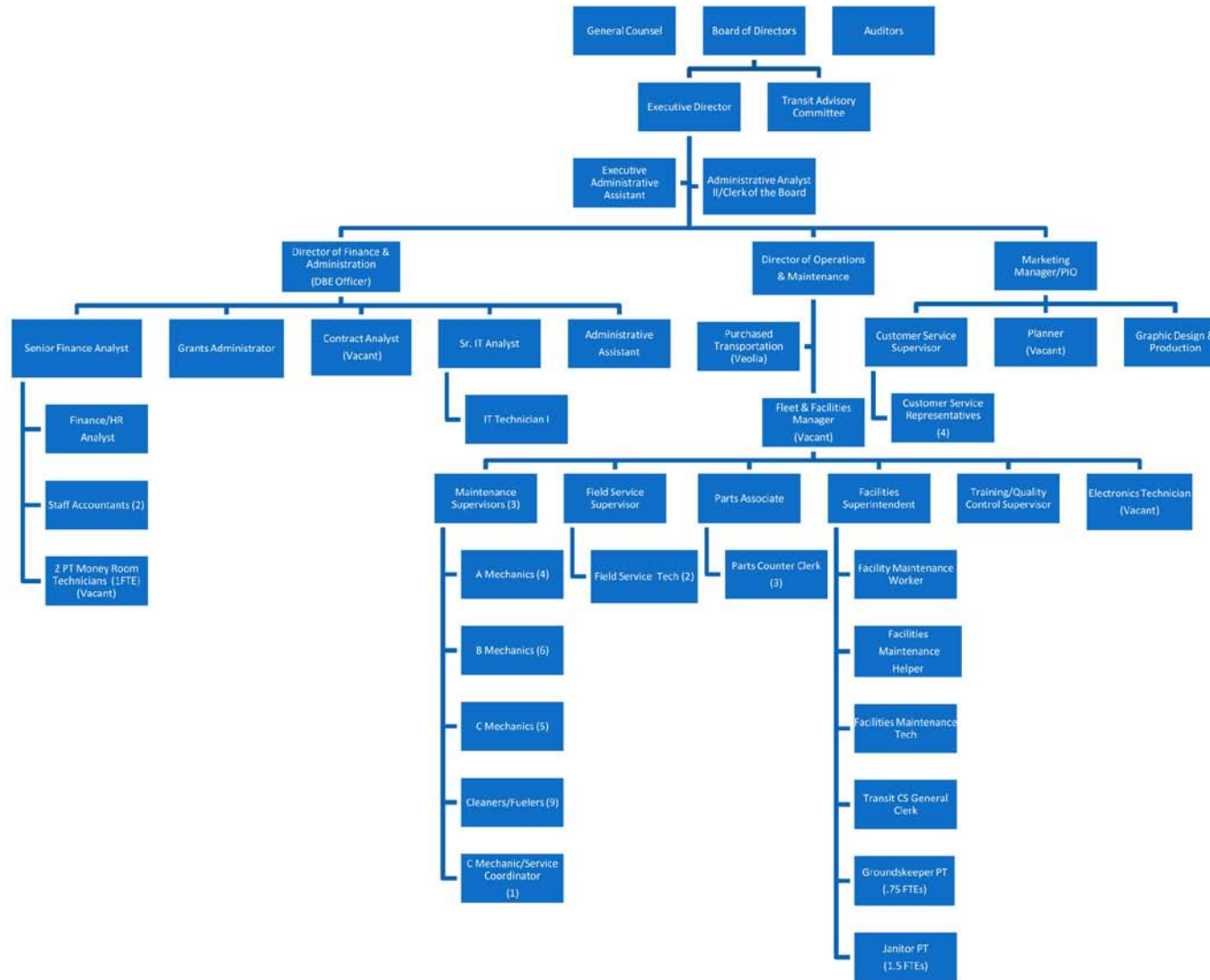
**Executive Director**  
**Julie Austin**  
Antelope Valley Transit Authority

### Transit Advisory Committee

The Transit Advisory Committee (TAC) was established for the purpose of providing advisory input to the Executive Director and the Board of Directors on public transportation issues. Membership on the TAC is composed of two representatives from each member agency. The Board and TAC conduct work in open, regularly scheduled monthly meetings. These meetings are typically held in the Board Room and always include the opportunity for public comment. Meeting agendas and related materials are available in advance of the meetings.

## Fiscal Year 2011/2012 Draft Organizational Chart

AVTA is making some changes to the organizational structure. Finance and Administration are being combined and reporting to a new Director of Finance & Administration, and a new position to oversee both operations and maintenance has been created with a goal of improving communication and coordination. Total FTEs: 68.5.





## IV. FISCAL YEAR 2010/2011 ACCOMPLISHMENTS

Fiscal Year 2010/2011 was an unusual year for AVTA as it faced challenging situations that required taking immediate but carefully crafted measures. Major accomplishments for the year include:

- *Restoration of Public Trust* – Admittedly the work is not done in this area. However, during FY 2010/2011, AVTA management provided an intense focus on significant areas during critical times.
  - Supported the audits by funding agencies and submitted plan of action for audit concerns
  - Hired a new Executive Director, Director of Finance and Administration, and Director of Operations and Maintenance
  - Obtained an unqualified opinion on the fiscal year 2009/2010 annual financial audit
- *Green Initiatives* - AVTA is one of the first agencies that adopted green building technologies for its facilities and the proposed facility expansion. With regard to its bus fleet, AVTA has an existing contract for the purchase of fifteen diesel hybrids. Aside from the expected environmental benefits, AVTA anticipates decreased fuel and maintenance costs, due to much greater fuel efficiency and fewer moving parts.
- *Mobility Management System* - In FY 2010/2011, AVTA began working on this program to maintain, manage and improve the transportation system, expand travel options, improve personal mobility, reduce the number of commute trips during peak congestion periods, and increase the efficiency and reliability of the transportation system through the use of Intelligent Transportation Systems (ITS) and Transportation Demand Management (TDM).
- *Improved Monitoring of the Agency's Performance* – In FY 2010/2011, AVTA implemented a new financial management system, Tyler Technologies. The reconciliation and data cleansing was a detailed and lengthy process. However, once the system was operating properly, updated financial information was uploaded into AVTA's Business Intelligence application, TransTrack, to monitor operational and financial performance.

The following table summarizes some key performance indicators previously used by AVTA to track performance. An explanation of each indicator and its importance follows.

Table 3 – Key Performance Indicators for Prior Years

Goal	Indicator	FY 2009 Actual	FY 2010 Actual	FY2011 Estimate
Operate a Safe Transit System	Total Collision Accidents	3	-	1
	Complaints per 100,000 Passengers	35.27	30.07	31.00
Provide Outstanding Customer Service	Percentage of Trips on Time	99.40%	74.60%	90.00%
	Passengers Served Between Complaints	2,835	3,326	3,500
Operate an Effective Transit System	Passengers per Revenue Hour	18.0	15.6	15.0
	Weekday Boardings	2,692,151	2,485,013	2,500,000
Operate an Efficient Transit System	Operating Cost per Revenue Hour	\$90.34	\$90.87	\$105.58
	Farebox Recovery Ratio	29.61%	22.73%	16.24%

*Total Collision Accidents*

There is a social cost to accidents and injuries, particularly on public transportation. The safety training implemented by AVTA's service provider is aimed at minimizing accidents. This indicator provides management with a measure to set or amend safety programs.

*Complaints per 100,000 Passengers*

Monitoring complaints gives us a measure of customer satisfaction. In FY 2010/2011, AVTA is projected to have 31 complaints per 100,000 passengers. This represents an increase of 3% over the prior fiscal year.

### *Percentage of Trips on Time*

This measurement of customer service was established to ensure that customers are not inconvenienced due to a poorly planned bus schedule and/or poorly maintained bus fleet.

### *Passengers Served Between Complaints*

This KPI provides us with an estimate of the number of customers who are presumably satisfied with their service.

### *Passengers per Revenue Hour*

This KPI measures productivity by monitoring the number of passengers served per hour of service. In FY 2010/2011 we are estimating 15.0 passengers per revenue hour, which is comparable to previous year's actual of 15.6.

### *Weekday Boardings*

Weekday boardings range from 2.5 million to 2.7 million, showing minimal changes over the period of three years. This indicates the level of boardings during what AVTA considers a normal working period.

### *Operating Cost per Revenue Hour*

This is a measure of productivity useful in setting standards or comparing services to other transit agencies. Because of fluctuations in the price of fuel, increasing operating costs and new service lines added in FY11, the operating cost per revenue hour of AVTA in FY11 increased by 16% compared to FY10.

### *Farebox Recovery Ratio*

This efficiency measure indicates total fare revenues collected as a percentage of total operating cost. This is the portion of the service cost that is paid for directly by the customer. The estimated farebox recovery ratio in FY11 is 16.24%, representing a 29% decrease from the prior year farebox recovery ratio. This trend is of major concern as it indicates much lower fare revenues and higher operating costs. The causes and proposed solutions are discussed in other sections of this document.

## **Fiscal Year 2010/2011 Financial Projections**

- In the current fiscal year, projected operating revenues amount to \$23.39 million. With estimated operating expenses of \$22.64 million, we anticipate excess revenues over expenditures of approximately \$751,000. AVTA should be fully funded for the next two fiscal years. However, looking forward, we face

some critical challenges that we intend to address in FY 2011/2012. These include:

- Availability of federal operating funds. The Surface Transportation Bill expires at the end of Federal Fiscal Year 2011 (September 30). Without an extension that includes language allowing smaller operators such as AVTA to continue using a portion of our federal funds for operating (currently \$1.103 million per year), we will need to seek other funding opportunities to ensure stable operations. For the next two years we will be able to maximize this funding source by applying toll credits to cover 100% of the required 50% local match for these funds. This equates to \$4.4 million in FY 2011/2012 (combining a prior year grant with the current year grant).
- Free fare for seniors and disabled, active and retired military customers. Since the institution and expansion of this policy, there has been a continued decline in fare revenues. Nearly one third of our Local Transit customers are riding for free.
- The addition of Route 8, two additional commuter trips, and increased service hours for Route 1 beginning FY 2010/2011 resulted in higher than budgeted purchased transportation costs.
- The cost of Fleet and Facility Maintenance parts and supplies were significantly underestimated for FY11. This is not as critical as the preceding issues because maintenance is fully reimbursable for the next two years through the Federal Section 5307 Preventive Maintenance program.

## **FISCAL YEAR 2011/2012 GOALS**

In Fiscal Year 2012, AVTA will focus on customer service and accountability. As previously mentioned, it is staff's intention to develop final key performance targets with the Board of Directors as part of a Strategic Planning Workshop. Staff will recommend that KPIs be measured in the terms listed in the table above, using targets derived from the adopted Fiscal Year 2011/2012 Business Plan. The KPIs will also consider the following system-wide initiatives:

- Update AVTA's policies to meet Board objectives.

- Maintain financial strength of AVTA. This involves:

Addressing the current internal control deficiencies and implementing cost-effective financial and internal controls to safeguard assets.

Effective management of cash flow and reviewing the current operating and capital reserves to ensure that long-term financial requirements will be met.

Conducting a Fare Study aimed at reversing the declining trends in ridership and fare revenues.

Recording and reporting the financial activities of AVTA in a timely and transparent manner.

- Manage costs and maintain reliable, quality service.

Identifying cost cutting measures by regularly reviewing the routes.

With the cancellation of AVTA's contract for 15 DesignLine turbine hybrid buses and the time required to reprocure, AVTA will need to properly maintain the existing fleet in FY 2011/2012 to avoid downtime and service interruptions.

Renewed focus on KPIs, which provide relevant information to management for immediate identification of issues.

Encourage alternative service delivery models for paratransit.

- Maintain and improve AVTA's facilities and equipment

- Develop an Emergency Preparedness and Disaster Recovery Plan. The Antelope Valley region is vulnerable to many types of catastrophic events, including earthquakes, fires, hazardous material incidents and terrorism. AVTA plans to put in place an emergency and response structure designed to address different types of emergencies.

## V. BUDGET PROCESS

Each year, AVTA develops its staffing, operating and capital plans for the upcoming fiscal year. As in the past, budget development remains a year-round activity. The product of this effort is the fiscal year business plan, which encompasses AVTA's commitment to transit projects and services.

The business plan document outlines the projected funding sources and uses of funds. The projected annual contribution of the member jurisdictions are communicated to the respective jurisdictions for their appropriation approval. AVTA's business plan is presented to the Board of Directors for consideration and adoption.

At mid-year, AVTA staff prepares a business plan review. All major revisions and updates are presented to the Board for its consideration and approval.

### This Year's Business Plan Development Process

In February 2011, AVTA management discussed the capital plan and the funding sources for each project. The plan was revised and reviewed again by the same team in March 2011. While the capital plan was being finalized, Finance staff worked with the executive director and each functional manager to identify the organizational and staffing plans, detailed operating expenses for each function and revenue sources for FY 2011/2012.

A revised operating plan was developed for FY 2010/2011 then compared to the projected amounts for the same period. Certain operating line items were moved to the Executive Services Department for increased accountability and transparency.

Detailed Expenditure worksheets are presented on Section IX of this business plan.

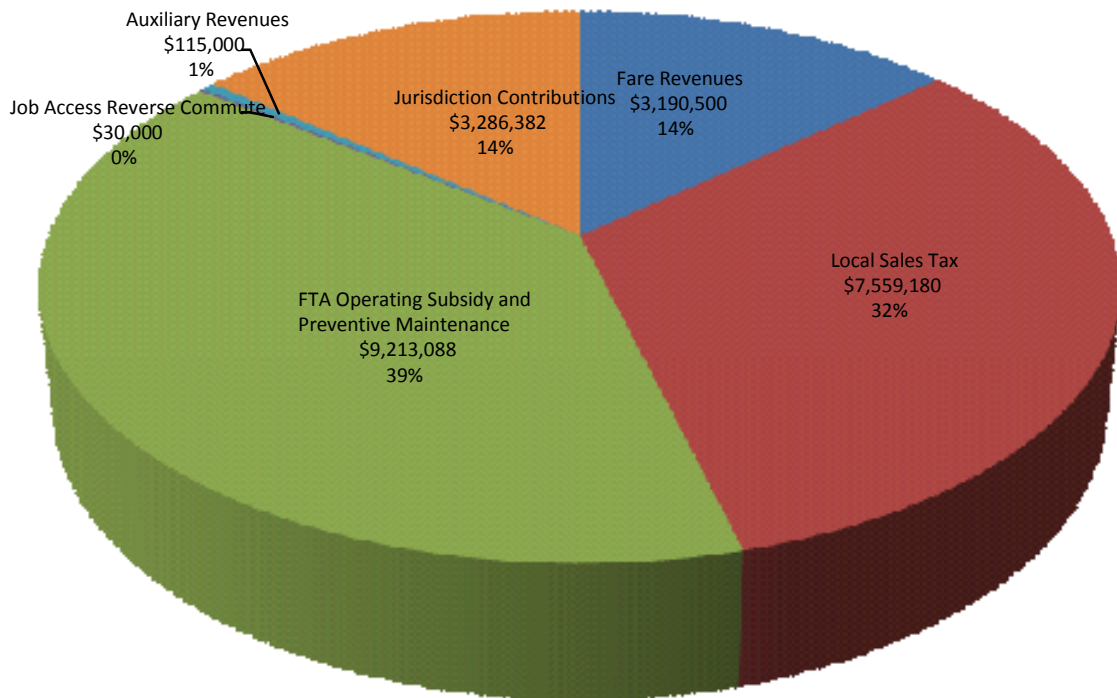
## VI. SOURCES OF FUNDS

AVTA's funding is classified as either Operating or Capital Revenues. Operating Revenues are utilized primarily to finance AVTA's general transit activities. Capital Revenues are earmarked for specific expenditures, typically capital projects.

### A. OPERATING REVENUES

AVTA's operating revenues are comprised primarily of fare revenues, operating subsidies and contributions from its member agencies. A small portion of the operating funding consists of Auxiliary Revenues such as interest earnings from investments and solar panel rebates. The chart below depicts the budgeted revenues of AVTA for FY 2011/2012.

Chart 1 – FY2011/2012 Revenue Budget



**Fare revenues** are unrestricted revenues collected directly by AVTA from passengers. AVTA realized a significant decrease in fare revenues over the last two years as the economic crisis resulted in job losses and lower ridership, and as more and more people take advantage of AVTA's free ride program for seniors, disabled, veterans and military. It is noted that this downward trend was reported by the majority of transit agencies in the United States. Information from TransTrack shows an alarming downward trend in fare revenues, as follows:

- 9% decrease in ridership in FY 2010/2011 compared to FY 2009/2010
- Significant increase in free rides for Seniors/Disabled, Veterans and Military
  - \* 15% of Local Transit customers rode free in 2009 versus 24% in 2010
  - \* Average fare per passenger dropped from 85 cents in 2009 to 78 cents in 2010

Fare revenues include the EZ Transit Pass program, introduced in 2003 as Los Angeles County's first countywide regional transit pass program. It was intended to simplify transit fare payment for transit passengers. AVTA has employed the use of the LA Metro-approved "Single Average Fare" methodology to determine the amount of reimbursement for EZ Transit Pass passenger boardings. This methodology considers actual fare revenues received and actual passenger boardings.

If current trends continue, passenger fares are expected to comprise only 14% of the projected operating revenues for the fiscal year.

**Local Sales Taxes** include three voter-approved sales tax measures approved by voters in the County of Los Angeles. Each of these three half-cent sales tax measures have a portion dedicated to bus transit operations (Proposition A, Proposition C, and Measure R). Proposition A includes a 40% discretionary component that is allocated to the region's transit operators. AVTA, as an eligible municipal transit operator in the County of Los Angeles, receives a formula allocation share of the portion of Proposition A dedicated to bus transit. To a lesser degree, AVTA receives allocations of the Proposition C and Measure R sales taxes. The FY 2011/2012 Business Plan includes \$4,251,468 from Proposition A; \$1,440,846 from Proposition C; and \$1,866,866 from Measure R.

Over the years, a variety of individual programs have been established by LA Metro and funded with different earmarked amounts of Proposition A or C. One example is the Municipal Operators Service Improvement Program (MOSIP), which was created to provide additional funding to the smaller county operators at a time when Metro needed to increase its own subsidies to meet the needs of the Consent Decree. Each program may have slightly different methods of allocation, but all have a designated funding source. It is important to note that the specifics of each program are no longer as restrictive as they once were; rather, many have been carried over year after year simply because any modification to the existing funding programs requires months or years of negotiation among the transit operators in Los Angeles County.

The following table lists all revenue sources by funding source and program.



Table 4 – Operating Revenues

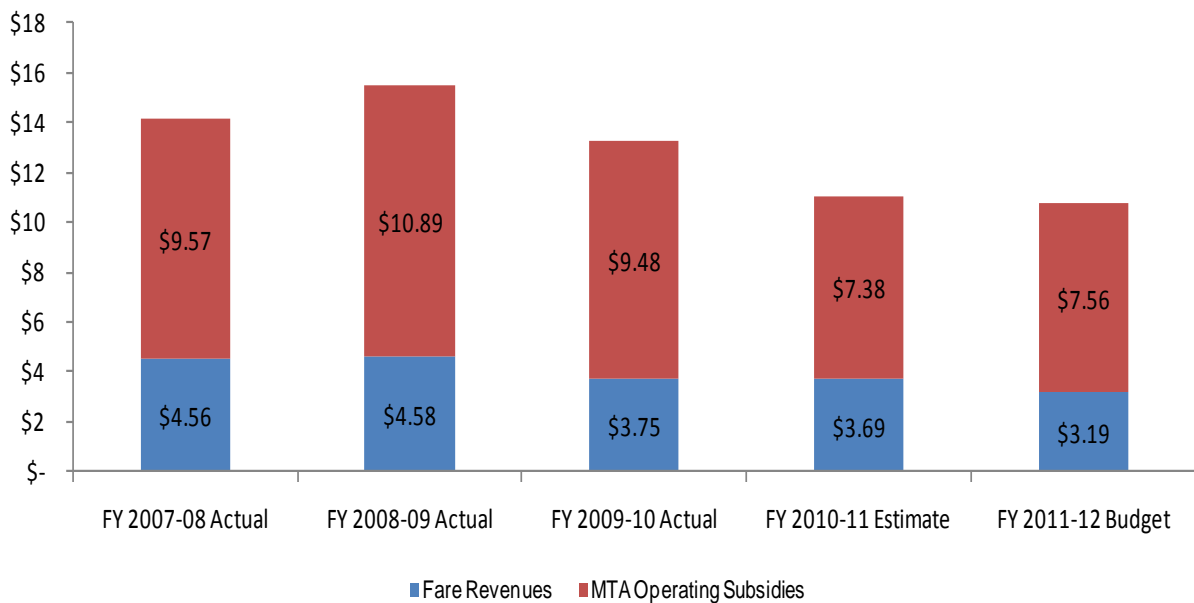
	FY 09/10	FY 10/11		FY 11/12		% Change over Prior Yr's Budget
	Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	
<b>Fare Revenues</b>						
Local Transit Fare	2,149,327	2,300,000	2,300,000	2,000,000	2,000,000	-13%
Commuter Fare	1,465,402	1,300,000	1,300,000	1,100,000	1,100,000	-15%
Dial -A-Ride	91,926	90,500	90,500	90,500	90,500	0%
EZ Pass	39,395	-	-	-	-	0%
<b>Total Farebox</b>	<b>3,746,050</b>	<b>3,690,500</b>	<b>3,690,500</b>	<b>3,190,500</b>	<b>3,190,500</b>	<b>-14%</b>
<b>Non-Fare Revenues</b>						
<b>Operating Subsidies</b>						
MTA: Prop A - 40% Discretionary	2,919,229	3,951,634	3,951,634	3,951,634	3,948,363	0%
MTA: Prop A - Discretionary - DAR	201,247	292,356	292,356	292,356	303,105	4%
MTA: Prop C - 40% Foothill Mitigation	-	22,460	22,460	23,779	20,385	-9%
MTA: Prop C - 40% Transit Service Expansion	320,672	328,528	328,528	328,528	335,066	2%
MTA: Prop C - 40% Bus Service Improvement	-	41,697	41,697	41,697	42,527	2%
MTA: Prop C - 40% Bus Security Enhancement	40,700	115,955	115,955	-	-	-100%
MTA: Prop C - 40% MOSIP	896,132	920,017	920,017	920,017	921,868	0%
MTA: Prop C - 5% Transit Security Enh	141,356	-	-	117,825	121,000	#DIV/0!
MTA: Prop C Interest	199,850	199,850	199,850	-	-	-100%
MTA: Prop A Interest	114,465	114,500	114,500	-	-	-100%
MTA: Prior Year	222,216	-	-	480,294	-	#DIV/0!
FTA 5307 - Operating Subsidy	-	1,834,636	1,834,636	-	4,413,088	141%
FTA 5307 - Preventative Maintenance Program	3,467,687	3,560,000	3,560,000	3,560,000	4,800,000	35%
FTA Grant Operating Assistance	-	431,511	431,511	-	-	-100%
Job Access Reverse Commute (JARC)	-	126,133	126,133	30,000	30,000	-76%
Measure R 20% Bus Operations	960,524	1,610,014	1,610,014	1,610,014	1,866,866	16%
Prop 1B - Bridge Funding Allocation Homeland Security	-	95,786	95,786	95,786	-	-100%
<b>Total Operating Subsidies</b>	<b>9,484,078</b>	<b>13,645,077</b>	<b>13,645,077</b>	<b>11,451,930</b>	<b>16,802,268</b>	<b>23%</b>
<b>Other Non-Fare Revenues</b>						
Interest Income	25,093	30,000	30,000	17,500	15,000	-50%
Other Non-transportation Revenues	20,167	5,000	5,000	100,000	100,000	1900%
<b>Total Other Non-Fare Revenues</b>	<b>45,260</b>	<b>35,000</b>	<b>35,000</b>	<b>117,500</b>	<b>115,000</b>	<b>229%</b>
<b>Jurisdiction Contributions</b>						
Jurisdiction Contribution - Lancaster	1,304,761	1,373,705	1,373,705	1,373,705	1,373,705	0%
Jurisdiction Contribution - Los Angeles County	553,128	553,125	553,125	553,125	553,125	0%
Jurisdiction Contribution - Palmdale	1,287,802	1,357,802	1,357,802	1,357,802	1,359,552	0%
<b>Total Jurisdiction Contributions-Operating</b>	<b>3,145,691</b>	<b>3,284,632</b>	<b>3,284,632</b>	<b>3,284,632</b>	<b>3,286,382</b>	<b>0%</b>
<b>Total Non-Fare Revenues</b>	<b>12,675,029</b>	<b>16,964,709</b>	<b>16,964,709</b>	<b>14,854,062</b>	<b>20,203,650</b>	<b>19%</b>
<b>TOTAL OPERATING REVENUES</b>	<b>16,421,079</b>	<b>20,655,209</b>	<b>20,655,209</b>	<b>18,044,562</b>	<b>23,394,150</b>	<b>13%</b>

Operating subsidies from local sales tax are budgeted at 32% of total revenues. FTA operating subsidies, including preventive maintenance, represents 39% of total budgeted operating revenues.

**Jurisdictional Contributions** fund all operating costs that are not recovered through transit fares or federal and local operating subsidies. Jurisdictional contributions are projected at \$3.3 million for FY 2011/2012. In FY 2009/2010 and FY 2010/2011, jurisdictional contributions were not sufficient to fund the net loss from operations.

The five-year trend in fare revenues and operating subsidies from the Metropolitan Transportation Authority (MTA) is shown below. Lower sales tax revenues, unemployment and decreased ridership have resulted in a significant decrease of AVTA revenues. Over the last five years, fare revenues ranged from \$3.19 million to \$4.58 million while operating subsidies ranged from \$7.38 million to \$10.89 million.

Chart 2 – Fare Revenues and Operating Subsidies  
(\$ millions)



## B. CAPITAL REVENUES

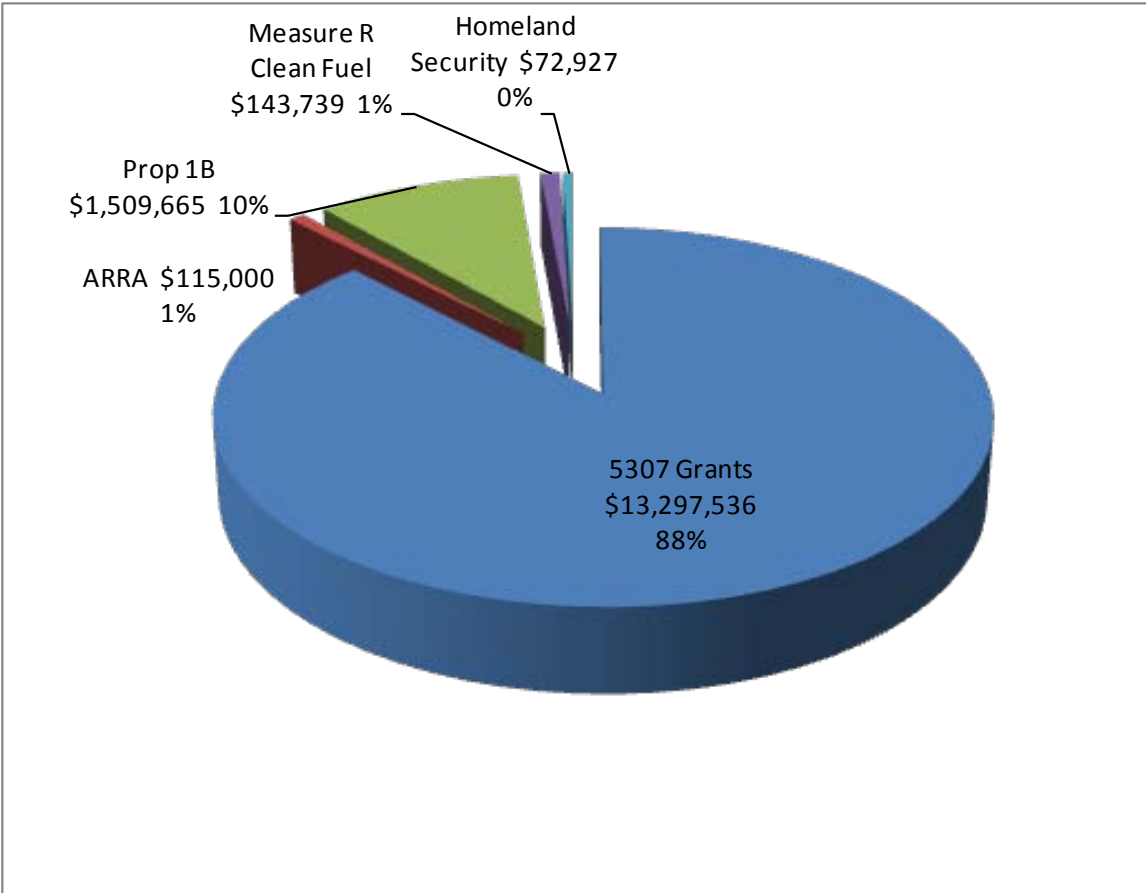
The budgeted Capital Revenues are primarily composed of state and federal capital funds, with no additional capital contributions expected from AVTA's member jurisdictions. Capital Expenditures are discussed further under the Uses of Funds section.

The Federal Transit Administration (FTA) provides funding to urbanized areas for transit capital and operating assistance as part of the Urbanized Area Formula Program (Section 5307). An urbanized area (UZA) is an incorporated area with a population of 50,000 or more. AVTA is part of Lancaster/Palmdale UZA and also receives partial funding from the Los Angeles UZA as a result of commuter service.

AVTA is allocated Los Angeles County UZA funding directly from the MTA. The allocation is made to AVTA based on revenue vehicle miles, population and density. In addition to the formula allocation, a portion of the annual Section 5307 funding is allocated on a discretionary basis. The FY 2011/2012 budget includes \$277,211 of Section 5307 from MTA.

As shown in the following pie chart, funding for AVTA capital expenditures in FY 2011/2012 is primarily from FTA Section 5307 and American Recovery and Reinvestment Act (ARRA) grants. The majority of the budgeted capital expenditures in FY 2011/2012 to be funded by FTA Section 5307 require a 20 percent local match while ARRA grants provide 100% of the funding for specific capital projects.

Chart 3 – Revenue Sources for Capital Program



The following table lists all major capital projects programmed for FY 2011/12 to date, along with the total project cost, major funding source and local match source and amount.

**Table 5 – FY2011/2012 Capital Projects**

GL No. Tyler	PROJECT	OTHER CAPITAL GRANTS				
		FY 2011-12	PRIOR FTA APPROVAL	FY -10-11 GRANT CYCLE	ARRA X038	LOCAL MATCH
<b>VEHICLES</b>						
	Service and Support Vehicles (6 units FY10/11; 4 units FY11/12; 2 units FY12/13; 13 units for FY13/14)	\$ 115,000	\$ -	\$ -	\$ 115,000	\$ -
	Refurbish Buses (16 units FY11/12)	2,000,000		2,000,000		
9902012	Commuter Expansion Coaches (3 units FY11/12)	2,151,500	1,721,200			430,300
	Maintenance Parts - Revenue Vehicles (Major Bus Components)	300,000		300,000		
	Transit Vehicle Paint	400,000		400,000		
	<b>Sub-Total</b>	<b>\$ 4,966,500</b>	<b>\$ 1,721,200</b>	<b>\$ 2,700,000</b>	<b>\$ 115,000</b>	<b>\$ 430,300</b>
<b>FACILITIES</b>						
9904002/ 9902001/ 9909031/ 9907004	Phase II - Design and Construction	\$ 5,000,000	\$ 4,000,000	\$ -	\$ -	\$ 1,000,000
	Regional Partnership Projects	1,352,211	-	1,352,211	-	-
	<b>Sub-Total</b>	<b>\$ 6,352,211</b>	<b>\$ 4,000,000</b>	<b>\$ 1,352,211</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>
<b>OTHERS</b>						
9902009	Major Equipment - Facilities Maintenance & Support	\$ 75,000	\$ 60,000	\$ -	\$ -	\$ 15,000
9909034/ 9902007	Major Equipment - Communication System Upgrade	265,000		265,000		
9902010	ITS Implementation Upgrade	1,300,000		1,300,000		
9909007/ 9909036/	Software Modifications	200,000		200,000		
9902008	Maintenance/Admin Equipment	915,520	732,416			183,104
9909007	Finance System Purchase	125,000	100,000			25,000
9909021	Safety & Security	64,636	51,709			12,927
	Emergency Management System	875,000	240,000	575,000		60,000
	<b>Sub-Total</b>	<b>\$ 3,820,156</b>	<b>\$ 1,184,125</b>	<b>\$ 2,340,000</b>	<b>\$ -</b>	<b>\$ 296,031</b>
	<b>Grand Total</b>	<b>\$ 15,138,867</b>	<b>\$ 6,905,325</b>	<b>\$ 6,392,211</b>	<b>\$ 115,000</b>	<b>\$ 1,726,331</b>

AVTA will receive another \$9 million in Section 5307 funds through the Urbanized Area Formula Apportionment. These funds will be programmed separately and presented to the Board for approval in the Fiscal Year 2012/13 Business Plan.

Table 6 – Grant Carryover Schedule

	Amount Carried Over	FY2011/12 Allocation	Total	Programmed for Capital Projects	Unallocated Balance
Section 5307 Formula	17,244,064	9,014,484	26,258,548	18,425,536	7,833,012
Section 5307 ARRA	5,852,712	-	5,852,712	115,000	5,737,712
Proposition 1B Funds	-	1,958,885	1,958,885	1,582,592	376,293
Total Capital Funding Sources	<u>23,096,776</u>	<u>10,973,369</u>	<u>34,070,145</u>	<u>20,123,128</u>	<u>13,947,017</u>

The FY 2012 Capital Program will enable the agency to make headway on several major projects and supports the agency's continued commitment to a safe and clean fleet, and improved and accessible facilities.

**Vehicles and Equipment**

The capital budget supports the ongoing fleet modernization program for both bus and paratransit vehicles. AVTA has an active fleet of 87 buses, which includes five (5) leased buses. Over 38% of these will need to be replaced in the next few years. The bus replacements project will replace revenue transit buses on a scheduled that is driven by the vehicles meeting and exceeding their useful life expectancy prior to replacement.

**Facilities and Maintenance**

Major projects in the Operations and Maintenance will be Phase II Design and Construction on the agency's facilities. This project is budgeted in FY 2011/12 and FY 2012/13. The renovation of existing facilities will result in space improvements and efficiencies.

**Technology**

The agency's Information Technology Department for the FY-2011-2012 will be rolling out several major projects such as Intelligent Transportation System (ITS) Software Implementation, upgrading security cameras on the agency's buses and facility, and records management. The ITS provides a comprehensive approach applying advanced technologies to transit. The overall scope of this particular project is to provide customers and staff with a graphic map of the service area with the exact location of a vehicle, provide customers with real time information on vehicle arrival and departure at park and rides and transit centers.

## VII. USE OF FUNDS

AVTA's funding is used for both Operating and Capital purposes.

**Operating expenses** include the day-to-day costs of providing service and maintaining the transit operation. AVTA monitors its operating expenses by function and by category. Detailed information is presented in the following pages.

**Capital expenditures** represent the purchase of equipment and other assets in excess of \$5,000 and which have a useful life greater than one year. Capital expenditures typically do not span fiscal years and usually involve customary replacement or new purchases of parts, computers and office equipment.

**Capital projects** typically involve construction or are developmental in nature and span more than one fiscal year. These projects are typically more complex, and involve two or more components of cost (equipment, labor, professional services). Capital projects were assessed for inclusion in this budget based on the following criteria:

- Is the project mandatory as a result of federal or state regulatory requirements?
- Is the project necessary to carry out the goals and objectives of AVTA's Business Plan and/or Strategic Plan?
- Is the project dictated by recommended replacement criteria or needed to maintain a state of good repair?
- Does AVTA have the necessary resources to implement the project (funding and staff resources)?

The capital budget for FY2012 totals \$15.14 million. AVTA has budgeted the same amount in capital grant revenue for projects that meet the federal criteria. The remaining projects and/or budgeted amounts are funded with local money. As each new project is started, a determination of the best funding method will be made.

Discussions about AVTA's capital program are on page 51 of this document.

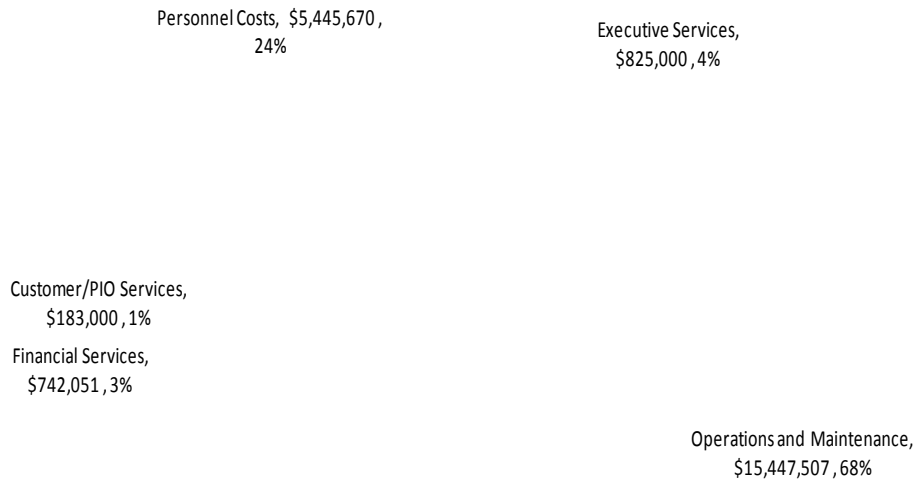
### A. EXPENSES BY FUNCTION

The FY 2011/2012 Business Plan assumes five primary functions at AVTA. Section IX provides more information about functions, responsibilities, accomplishments and goals.

**Table 7 – Expenses by Function**

	FY 09/10	FY 10/11		FY 11/12		
	Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	% Change over Prior Year Budget
<b>OPERATING EXPENSES</b>						
Executive Services	58,159	502,350	783,541	682,965	825,000	64.2%
Operations and Maintenance	13,158,022	12,822,991	12,992,341	13,198,100	15,447,507	20.5%
Financial and Administration Services	844,492	1,112,221	645,200	587,500	742,051	-33.3%
Customer/PIO Services	75,362	98,520	115,000	114,000	183,000	85.7%
Personnel Costs	2,382,846	5,299,376	5,299,376	5,068,380	5,445,670	2.8%
<b>Total Operating Expenses</b>	<b>16,518,881</b>	<b>19,835,458</b>	<b>19,835,458</b>	<b>19,650,945</b>	<b>22,643,228</b>	<b>14.2%</b>

**Chart 4 – Expenses by Function**



As shown in the preceding pie chart, 68% and 24% of budgeted operating expenses are allocable to Operations and Maintenance and Personnel Costs, respectively. The remaining 8% represents funds budgeted for Executive Services, Customer/PIO Services and Finance and Administrative Services.

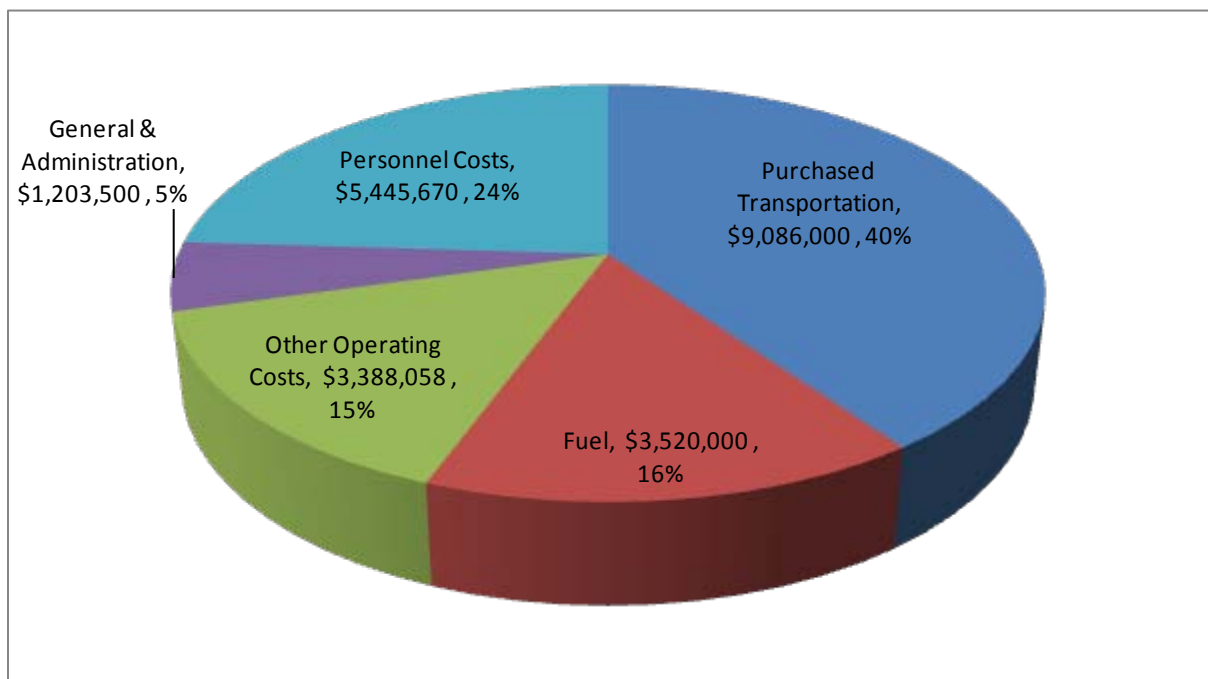
## B. BY EXPENSE CATEGORY

Operating expenses are also monitored by AVTA based on five categories, as shown below.

Table 8 – Expenses by Category

	FY 09/10	FY 10/11		FY 11/12		
	Actual	Original Budget	Revised Budget	Year-End Estimate	Proposed Budget	% Change over Prior Year Budget
<b>OPERATING EXPENSES</b>						
Purchased Transportation	9,733,906	7,992,999	7,992,999	8,823,000	9,086,000	13.7%
Fuel	1,939,320	3,314,520	3,314,520	2,514,000	3,520,000	6.2%
Other Operating Costs	1,531,734	2,102,722	2,102,722	2,243,600	3,388,058	61.1%
General & Administration	931,075	1,125,841	1,125,841	1,001,965	1,203,500	7%
Personnel Costs	2,382,846	5,299,376	5,299,376	5,068,380	5,445,670	2.8%
<b>Total Operating Expenses</b>	<b>16,518,881</b>	<b>19,835,458</b>	<b>19,835,458</b>	<b>19,650,945</b>	<b>22,643,228</b>	<b>14.2%</b>

Chart 5 – Expenses by Category



The chart above shows that the combined cost of contractor, fuel and personnel represents 80% of the total operating budget. Other operating costs, which include preventive maintenance, security services, software licenses, insurance, building maintenance and utilities, represent \$3.4 million or 15% of total costs. General and administration costs of approximately \$1.2 million are comprised of consulting fees, legal services, marketing, promotional supplies and professional development.



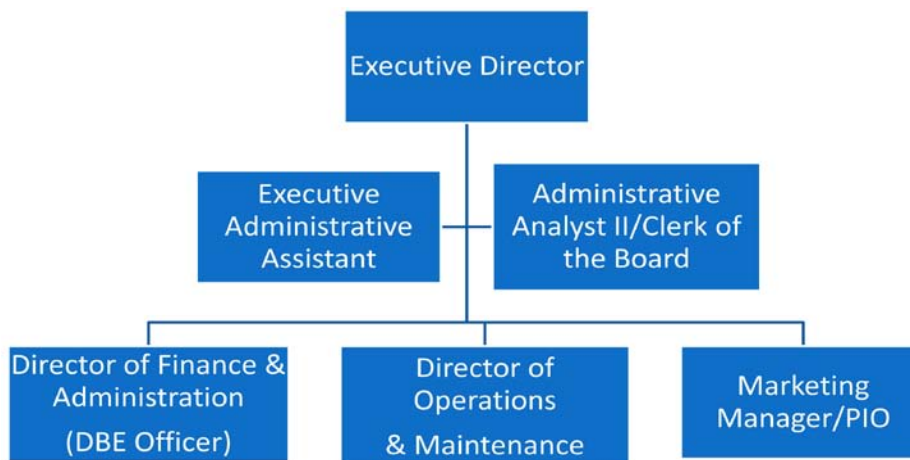
## VIII. FISCAL YEAR 2010/2011 ACCOMPLISHMENTS AND FISCAL YEAR 2011/2012 GOALS BY FUNCTION

### A. EXECUTIVE SERVICES

The Executive Services Department oversees the entire operation. This department is responsible for the management of all matters pertaining to the business of the Board and research on actions and policies of the Board. The responsibility also includes governance through the preparation, distribution and management of documents requiring consideration by the Board of Directors and other agency agendas.

**Mission Statement:** To ensure that the Board of Directors' vision is carried out by delivering safe, high quality service, exercising prudent financial management and developing a highly professional staff.

Staffing:



#### Fiscal Year 2010/2011 Accomplishments

- Maintained open communication between and among directors and Executive Director.
- Developed and issued new Fixed Route and Paratransit RFP which will simplify administration and provide cost-effective alternative models for billing, oversight and service provision.
- Completed an independent consultant review of the Maintenance functions, identifying appropriate staffing levels, policies and procedures.
- Obtained appropriate levels of insurance coverage and consolidated most policies under one local Broker of Record.

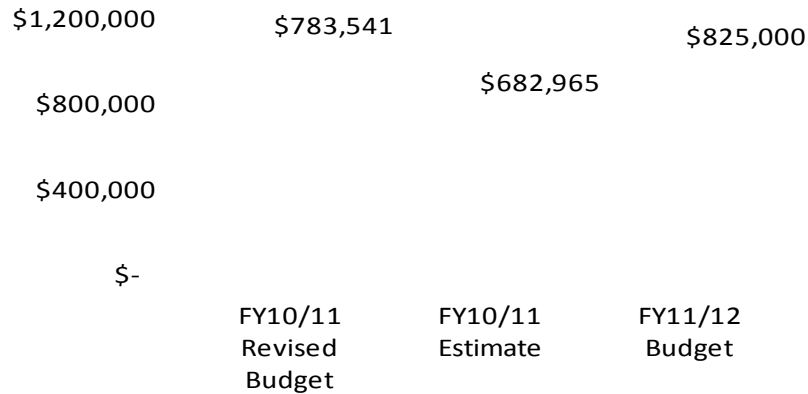
- Contracted with Human Resources firm to review policies and procedures, HR functionality and compliance, and assist with recruitment and other staffing issues.
- Established regular meetings with management and other key staff, setting goals and monitoring progress.
- Initiated new budget approach to incorporate performance standards and departmental/agency goals.
- Filled Director of Finance and Administration and Director of Operations and Maintenance positions.
- Hired new auditing firm.

#### Fiscal Year 2011/2012 Goals

- Engineer a cultural change to increase AVTA's focus on customer service.
  - Provide weekly reports to the Board and Transit Advisory Committee
  - Provide timely responses to inquiries and requests for assistance
  - Be accessible to customers and other stakeholders
  - Develop and implement an Emergency Preparedness and Disaster Preparedness Plan
  - Complete procurement process and transition of new transit services contractor(s), with decision regarding maintenance resolved
- Promote accountability in all aspects of AVTA operations.
  - Establish and monitor measureable goals and objectives, recognized and practiced throughout the agency
  - Empower staff to assume responsibility for projects from start to finish; increase project management skills and identify training needs
  - Develop and implement a comprehensive program for transit operations oversight
  - Hire and utilize the services of auditors and general counsel
  - Consolidation of travel, legal, consulting resources
  - Implement revised policies and procedures

## Executive Services Department Expenditures

Chart 6 – Executive Services Expenditures



## Executive Services Department Expenditure Detail

Table 8 – Executive Services Expenditure Detail

	FY 09/10	FY 10/11			FY 11/12	% Change over Prior Year Budget
	Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	
<b>1EX OTHER OPERATING COSTS</b>						
Service Contracts - Operation/Maintenance	0	81,300	-	0	0	-100.0%
9401026 Emergency Preparedness and Disaster Recovery	0	5,000	9,500	0	50,000	900.0%
<b>Sub-total</b>	<b>0</b>	<b>86,300</b>	<b>9,500</b>	<b>0</b>	<b>50,000</b>	<b>-42.1%</b>
<b>1EX GENERAL AND ADMINISTRATION</b>						
9501001 Publications	0	1,000	2,265	2,265	3,000	200.0%
9501005 Legal Services	0	0	140,000	200,000	120,000	#DIV/0!
9501006 Memberships	57,753	29,150	35,200	15,000	40,000	37.2%
9501011 Other Gov't Agencies Fees	406	6,000	6,000	1,000	1,000	-83.3%
9501012 Planning Studies & Surveys	0	120,000	120,000	50,000	70,000	-41.7%
9501013 Consulting Fees	0	230,000	353,700	353,700	480,000	108.7%
Advocacy Support Expenses	0	17,500	-	0	0	-100.0%
9501019 Travel, Training and Meetings	0	2,000	49,550	45,500	50,000	2400.0%
Mileage Reimbursement	0	200	-	0	0	-100.0%
9501028 Temporary Staffing	0	0	16,200	15,000	10,000	#DIV/0!
9501034 Other General & Administration Expenses	0	8,700	51,126	500	1,000	-88.5%
Training & Meetings - Transit-Sponsored	0	1,500	-	0	0	-100.0%
<b>Sub-total</b>	<b>58,159</b>	<b>416,050</b>	<b>774,041</b>	<b>682,965</b>	<b>775,000</b>	<b>86.3%</b>
<b>TOTAL</b>	<b>58,159</b>	<b>502,350</b>	<b>783,541</b>	<b>682,965</b>	<b>825,000</b>	<b>64.2%</b>

## B. OPERATIONS AND MAINTENANCE

The Operations and Maintenance Department (formerly Fleet and Facilities) ensures the safe and efficient daily operation of AVTA's fleet and revenue services to support 2.6 million passenger boardings each year. The focus of this department will broaden in scope effective FY 2011/2012 to include increased oversight over purchased transportation services. Such oversight includes enforcement of AVTA safety and customer service standards, as well as vehicle and facility maintenance and appearance. This Department will manage the gradual transition to a hybrid bus fleet, or green fleet, for all local transit services. The Department is also responsible for developing specifications and purchasing new rolling stock and identifying new technologies to maximize efficiencies in both operations and maintenance.

In August 2010, AVTA took control of the maintenance operation from Veolia Transportation Inc. Veolia continues to provide local, commuter and dial-a-ride transit services for AVTA. Veolia's contract will expire December 31, 2011.

The Maintenance function operates three shifts, 24 hours a day, seven days a week. The total AVTA fleet (Commuter, Local and Dial-a-Ride) is currently comprised of ninety-five (95) AVTA-owned revenue vehicles: eighty-four (84) are in the active fleet.

The department is responsible for:

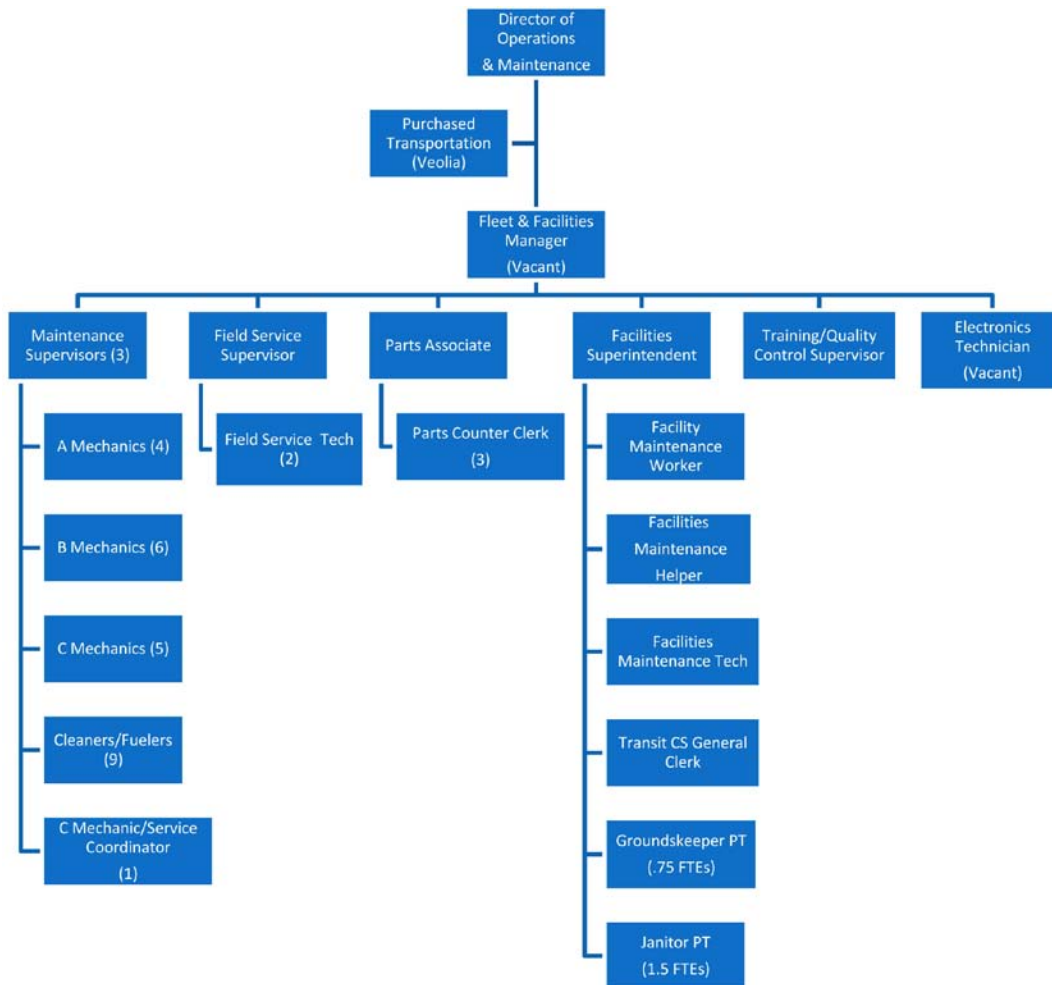
- Ensuring that both revenue and non-revenue fleet vehicles are working properly and the mechanics are productive and customer-focused.
- Serving as liaison between the parts associate, the mechanics and end-user departments.
- Determining equipment specifications and replacement needs; and overseeing fleet maintenance activities as needed.
- Contract monitoring and support of the Purchased Transportation Provider, consistent with strategic goals, business plan and policies of AVTA.
- Planning, directing and coordinating maintenance and repair of AVTA's facilities, including maintenance facilities, bus wash bays, bus stops, administrative buildings, landscaping, etc.

- Ensuring the effective repair, maintenance, and timely availability and functionality of AVTA's non-revenue vehicles, facilities and equipment. This functional area is also responsible for performing field inspections of construction, maintenance and repair projects to review progress, work methods, quality of work and compliance with safety regulations and building codes.

**Mission Statement:** To provide proactive initiatives in order to build customer confidence and result in greater value for citizens through best practices and efficient operations.

To keep abreast with new developments and advancements within the field of maintenance and provide innovative recommendations for compliance with building codes and safety regulations, as well as with AVTA's programs and policies directed toward the attainment of agency-wide goals and objectives.

Staffing:



Fiscal Year 2010/2011 Accomplishments

- Minimized Downtime in Operations as a Result of Maintenance Transfer
  - Successful transfer of maintenance functions from the contractor to an in-house operation
  
- Identified and Addressed Departmental Personnel Needs to Ensure Efficient Operations
  - Hired suitable employees for Supervisor and Technician positions
  - Hired and trained four parts employees
  - Hired two janitorial and two landscape technicians
  - Hired and trained nine Fuelers and Cleaners for buses.
  - Hired one Facilities Superintendent
  - Trained staff in new procedures and use of Asset Works
  
- Continued to Improve Bus Management and Maintenance for Operational Reliability and Compliance with Grantor Requirements
  - Initiated a complete parts inventory
  - Purchased four support vehicles
  - Purchased four MCI commuter buses
  - Replaced engines in the Gillig 50 series buses
  - Replaced radio system
  - Worked with Consultant (PB Americas) in the review of current maintenance procedures and processes
  - Sold obsolete revenue and support vehicles
  - Achieved Satisfactory rating on annual California Highway Patrol Terminal Inspection
  - Reported NTD Safety and Security
  
- Continued to Enhance Facility Management
  - Upgraded main electric transformer due to new solar system
  - Worked with architect on modifications to Phase II design

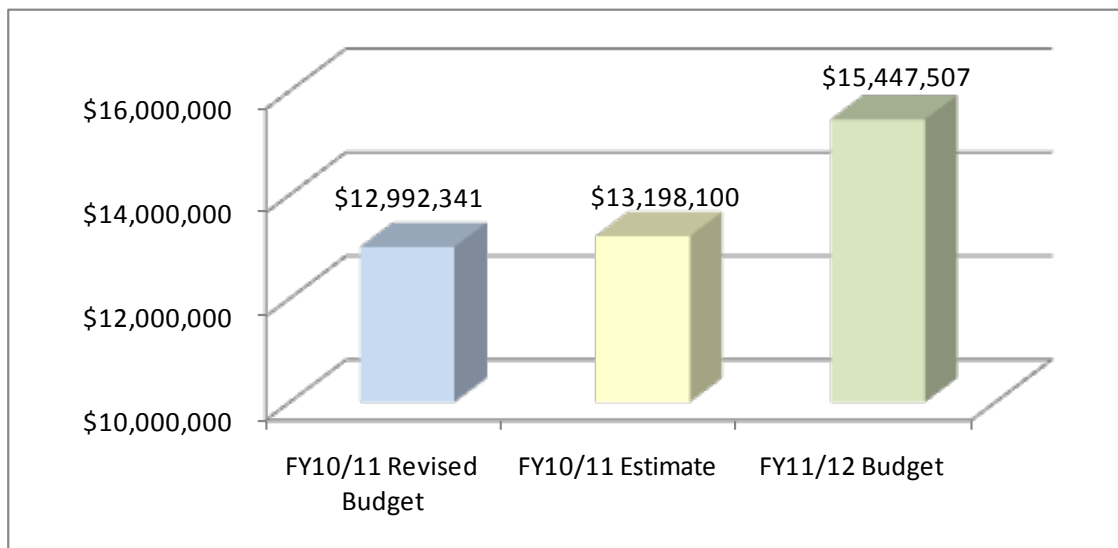
#### Fiscal Year 2011/2012 Highlights

- Ensure Hiring of Highly Qualified Personnel and Improve the Professionalism and Technical Knowledge of Existing Personnel
  - Hire a Director of Operations and Maintenance to improve communication and teamwork between the two functional areas
  - Hire replacement for the Fleet and Facilities Manager
  - Retrain maintenance employees on Asset Works
  - Begin technician training and quality control
  
- Continue to Meet the Agency's High Standards on Operations and Customer Service
  - Replace 15 Gillig diesel buses with hybrid buses
  - Complete and ensure compliance with documented Policies and Procedures for the Maintenance Shop

- Take delivery and place in service four MCI commuter buses
  - Work with Operations Contractor and provide directives to meet the Agency's goals
  - Implement revised operations oversight procedures
    - Secret-rider, time-point checks
  - Improve communication
  - Ensure enforcement of warranties
  - Document policies and procedures for maintenance and parts
  - Establish and monitor goals and objectives – post in shop
- Maintain AVTA Facility and Equipment at an Excellent Condition
    - Advise and coordinate Phase II Facility construction
    - Address all service requests for the facility
    - Conduct preventive maintenance inspections every 3,000 miles

## Operations and Maintenance Department Expenditures

Chart 7 – Operations and Maintenance Expenditures



# Operations and Maintenance Department Expenditure Detail

Table 9 – Operations and Maintenance Expenditure Detail

		FY 09/10	FY 10/11		FY 11/12		
		Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	% Change over Prior Year Budget
2FF	<b>PURCHASED TRANSPORTATION</b>						
9001001	Fixed Route - Fixed Cost	3,199,505	2,566,239	2,566,239	2,243,000	2,202,000	-14.2%
9001002	Fixed Route - Variable Cost	4,422,067	3,347,919	3,347,919	4,596,000	4,749,000	41.8%
9001003	Commuter - Fixed Cost	492,476	560,806	560,806	353,000	346,000	-38.3%
9001004	Commuter - Variable Cost	681,527	715,778	715,778	723,000	887,000	23.9%
9001005	DAR (Urb & Rur) - Fixed Cost	341,974	312,004	312,004	224,000	215,000	-31.1%
9001006	DAR (Urb & Rur) - Variable Cost	472,888	490,253	490,253	459,000	457,000	-6.8%
9001007	Contract Services Incentives	179,000	0	0	180,000	180,000	#DIV/0!
	Contract Services Assessments	(57,950)	0	0	0	0	#DIV/0!
9001009	Contract Services - Other Pass Throughs	2,420	0	0	45,000	50,000	#DIV/0!
	<b>Sub-total</b>	<b>9,733,906</b>	<b>7,992,999</b>	<b>7,992,999</b>	<b>8,823,000</b>	<b>9,086,000</b>	<b>13.7%</b>
2FF	<b>FUEL</b>						
9201003	Fuel & Lubricants	1,930,803	3,300,000	3,300,000	2,500,000	3,500,000	6.1%
9201006	Fuel & Lubricant Taxes	5,456	8,470	8,470	5,000	10,000	18.1%
9201005	Fuel Use Tax	3,061	6,050	6,050	7,000	10,000	65.3%
9201007	Fuel Use Tax Penalties & Interest	0	0	0	2,000	0	#DIV/0!
	<b>Sub-total</b>	<b>1,939,320</b>	<b>3,314,520</b>	<b>3,314,520</b>	<b>2,514,000</b>	<b>3,520,000</b>	<b>6.2%</b>
2FF	<b>OTHER OPERATING COSTS</b>						
9401001	Fleet Inspection	2,767	50,000	50,000	0	100,000	100.0%
9401002	Fleet Maintenance & Supplies	670,423	816,422	816,422	1,500,000	2,333,007	185.8%
9401003	Fleet Core Charges	5,804	0	0	0	5,000	#DIV/0!
9401004	Facility Maintenance - Supplies (non-grantable)	63,473	30,000	30,000	20,000	20,000	-33.3%
9401005	Facility Maintenance - Outside Services	6,979	20,000	192,600	25,000	25,000	25.0%
9401007	Facility Maintenance - Other Equipment	1,970	30,000	30,000	1,000	10,000	-66.7%
9401010	Operating Permits	273	2,000	2,000	10,000	10,000	400.0%
	Shop Equipment (non-grantable)	12,144	20,000	22,000	0	0	-100.0%
9401013	Rental/Lease Expense	14,514	15,000	15,000	20,000	20,000	33.3%
	Rental/Lease equipment	13,196	0	0	0	0	#DIV/0!
	Small Tools	3,758	2,000	0	0	0	-100.0%
9401017	Security Services	54,646	50,000	150,000	100,000	100,000	100.0%
	Security Services - On Board	10,082	100,000	0	0	0	-100.0%
9401019	Liability, Fire & Other Insurance	196,522	160,000	160,000	0	0	-100.0%
9401020	Uniforms	2,192	200	200	20,000	20,000	9900.0%
9401021	Utilities - Electric	108,290	125,000	125,000	70,000	80,000	-36.0%
9401022	Utilities - Gas	29,856	5,000	5,000	25,000	30,000	500.0%
9401023	Utilities - Waste	5,023	5,000	5,000	8,000	8,000	60.0%
9401024	Utilities - Water	9,246	10,500	10,500	10,500	10,500	0.0%
9401025	Vehicle Registration - Non-revenue vehicles	1,343	500	1,500	1,100	0	-100.0%
	<b>Sub-total</b>	<b>1,212,503</b>	<b>1,441,622</b>	<b>1,615,222</b>	<b>1,810,600</b>	<b>2,771,507</b>	<b>92.2%</b>



## Operations and Maintenance Department Expenditure Detail (continued)

Table 9 – Operations and Maintenance Expenditure Detail (Continued)

		FY 09/10	FY 10/11			FY 11/12	
		Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	% Change over Prior Year Budget
2FF	<b>GENERAL AND ADMINISTRATION</b>						
	Publications	0	350	0	0	0	-100.0%
	Classified Advertising	0	0	0	0	0	#DIV/0!
	Contract Services	10,265	0	0	0	0	-100.0%
	Memberships	0	300	0	0	0	-100.0%
9501007	Office Equipment under \$5000	4,968	15,000	15,000	5,000	15,000	0.0%
9501008	Office Equipment Maintenance & Repairs	5,241	12,000	12,000	3,000	10,000	-16.7%
	Postage & Delivery Expenses	5,357	500	500	0	0	-100.0%
	Planning Studies and Surveys	111,476	0	0	0	0	#DIV/0!
	Consulting Fees	27,298	0	0	0	0	#DIV/0!
	Administrative Costs	1,643	0	0	0	0	#DIV/0!
9501017	Telephone & Fax	56,550	41,000	41,000	42,500	45,000	9.8%
9501018	Travel, Training and Meetings	0	1,100	1,100	0	0	-100.0%
	Printing Services	49,495	0	0	0	0	#DIV/0!
	Audit Fees	0	200	0	0	0	-100.0%
	Temporary Staffing	0	1,200	0	0	0	-100.0%
	Other General & Administration Expenses	0	200	0	0	0	-100.0%
	Training & Meetings-Transit-Sponsored	0	2,000	0	0	0	-100.0%
	<b>Sub-total</b>	<b>272,293</b>	<b>73,850</b>	<b>69,600</b>	<b>50,500</b>	<b>70,000</b>	<b>-5.2%</b>
	<b>TOTAL</b>	<b>13,158,022</b>	<b>12,822,991</b>	<b>12,992,341</b>	<b>13,198,100</b>	<b>15,447,507</b>	<b>20.5%</b>

## C. FINANCE AND ADMINISTRATION

Financial Services and Administration consists of ten nine performance areas, including:

- Accounting/Audit
- Budget
- Revenue and Grants Monitoring
- Risk Management
- Payroll & Human Resources
- Equal Employment Opportunity
- Cash and Investment Management
- Warrants and Disbursements
- Disaster Recovery
- Information Technology

The principal functions of this department involve:

- Directing the financial activities of AVTA including planning, budgeting, accounting, auditing and reporting.
- Managing contracts and procurements. Actively involved in the development of requests for proposals, contract development negotiations, award and administration, including change orders and contract closeout.
- Implementing and administering the AVTA's risk management program.
- Providing a full range of Human Resources support services including affirmative action/Equal Employment Opportunity reporting, recruitment, compensation, classification, benefits administration and employee relations.
- Fostering an environment that values diversity and ensuring that all of the AVTA's employees are free from harassment and discrimination.
- Information Technology supports a variety of systems such as our enterprise resource planning system, TransTrack, and Intelligent Transportation Systems (ITS). IT also supports office productivity through computers, copiers and other office equipment.
- Treasury includes AVTA's banking strategy and investment program.
- Federal and State grant management.
- Records Management and responding to Public Records Requests.
- Providing an array of support services to all other AVTA departments.

**Mission Statement:**

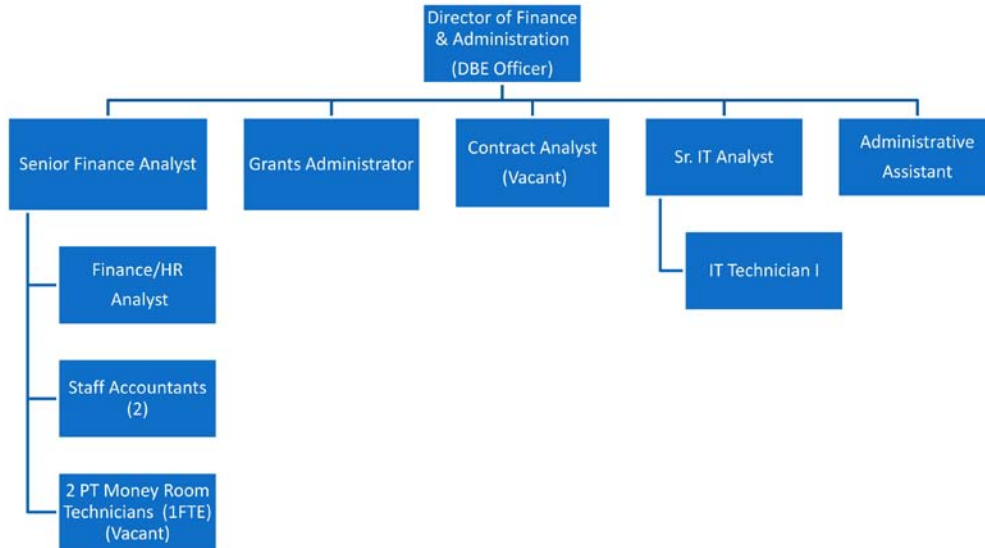
*Accounting and Finance* - Organize, finance and support the operations of AVTA by protecting the asset and fiscal integrity of the transit authority; attracting, retaining, and equipping highly qualified individuals who are capable of delivering a high level of service in streamlined organization; and managing all aspects of AVTA's insurance and risk management programs to minimize exposure to loss.

*Contracts and Grants Administration* - To ensure governance through effective, efficient and regulatory compliant processes thereby supporting the goals and mission of the Agency and other departments. Responsible for adhering to local, state and federal requirements in the administration of the grant funds.

*Human Resources* - Responsible for the recruitment, retention, equal employment opportunity and development of employees. Human Resources function is also in-charge of the benefits, retirement, leave administration, compensation administration, worker's compensation administration and drug and alcohol screening.

*Information Technology* - Responsible for the management and implementation of information technology to make processes and information gathering in the Agency more efficient.

## Staffing:



## Fiscal Year 2010/2011 Accomplishments

- Updated Systematic Processes, Procedures and Internal Controls
  - Converted to a new integrated financial management system
  - Implemented new procedures for efficiency and effectiveness in finance and accounting functions
    - Invoice tracking system
    - Two check-run-a-month system
    - Timesheet approval and submission
    - Use of vendor credits
  - Began using Virtualization to consolidate agency servers
  - Implemented new email system
  - Upgraded network domain controllers
  - Implemented new database servers
- Maximized Grant Opportunities to Support Operations and Capital Expenditures
  - Submitted reporting requirements to grantors to obtain FY10 and FY11 grant funds
  - Created federal grant tracking and planning sheet. Communicated this grant information to different departments for their planning and budget endeavor
- Ensured Compliance with Requirements by Different Stakeholders
  - Completed the audit and compliance reports for FY10
  - Submitted annual report to National Transit Database
- Provided information to the Board of Directors as requested

- Implemented the drug and alcohol program
- Initiated the policy for safety sensitive employees
- Completed worker's compensation program training
- Ensured completion by managers and supervisors of the mandated harassment and ethics training
- Excellence in Customer Service
  - Completed the Bus Stop Improvement Program analysis
  - Completed Lancaster City Park renovation
  - Implemented Bus Stop Maintenance Plan in Palmdale

#### Fiscal Year 2011/2012 Highlights

- Update Systematic Processes, Procedures and Internal Controls
  - Implement auditing procedures for money room
  - Timely completion of month-end accounting procedures and uploading for information to TransTrack for relevant financial reporting
  - Continue to improve customer service and accountability in the finance and accounting functions:
    - Ensure all vendors are paid in a timely manner
    - Quick response time for all vendor TAP pass sales
    - Timely drawdown of Metro subsidy allocations to improve cash flows
  - Implement Fault Tolerant Storage Array Network
  - Expand Virtualization to consolidate additional systems
  - Interface TransTrack Business Intelligence system to Assetworks Fleet Maintenance system
  - Implement automated disk imaging system for workstation recovery
  - Cluster critical servers for high availability
  - Implement improved monitoring systems for servers and network
  - Upgrade Trapeze systems
  - Address internal control deficiencies identified by the external financial auditors
  - Implement new internal controls procedures and ensure data consistency
- Maximize Grant Opportunities to Support Agency's Goals
  - Research and apply for competitive grants
  - Coordinate with Operations and Maintenance Department to implement vehicle replacement schedule into the grant planning process
- Timely and Relevant Financial Reporting
  - Complete and submit audited financial and compliance reports on or before December 31
  - Provide quarterly financial report to the Board, as required by the Joint Powers Authority Agreement
  - Immediately respond to information requests by Board of Directors and other stakeholders
  - Provide monthly Board financial reports

- Provide management with monthly cash flow statements and balance sheets for monitoring purposes
- Continue to update AVTA's Policies and Procedures
  - Develop a records retention/destruction schedule
  - Streamline purchasing policy and procedures and communicate changes to all AVTA staff and existing and potential vendors
  - Update accounting policies and procedures
  - Update Human Resources rules and regulations
    - Implement a Cafeteria Plan
    - Hire a COBRA administrator
- Improve Communication
  - Coordinate between Records Management & IT department regarding electronic file procedures
  - Communicate all policies and procedures update and changes to all AVTA staff and existing and potential vendors

## Finance and Administration Department Expenditures

Chart 8 – Finance and Human Resources

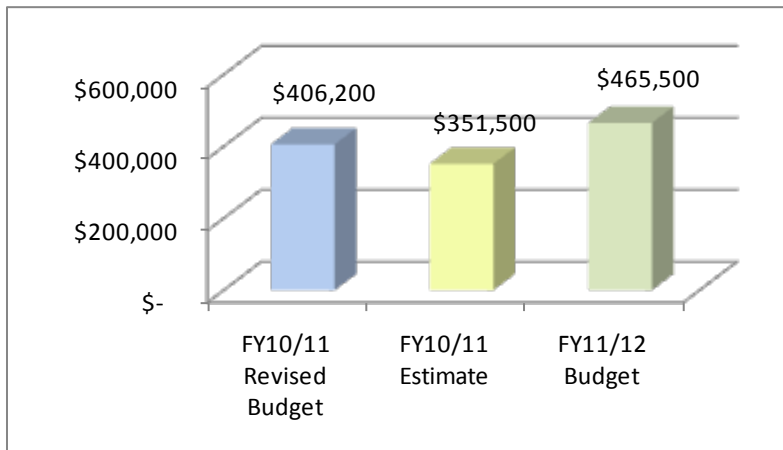


Chart 9 – Administration

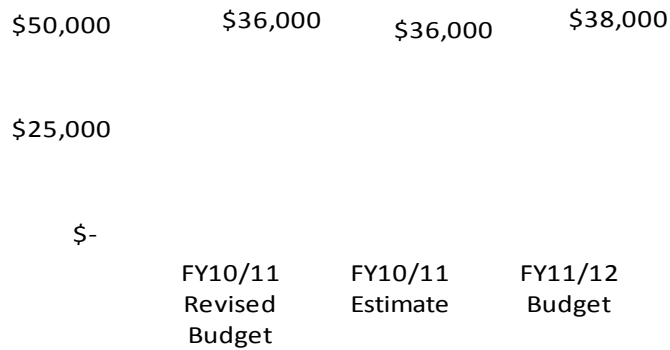
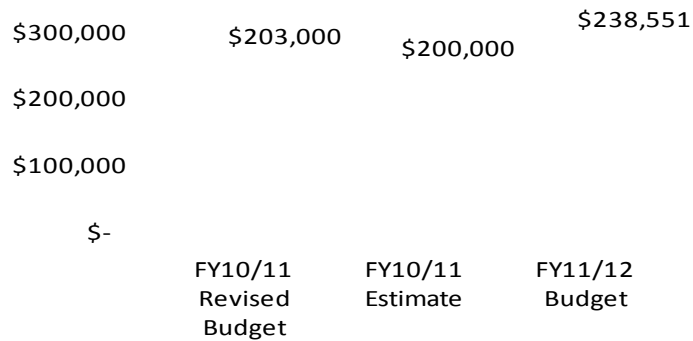


Chart 10 – Information Technology



## Finance and Administration Department Expenditure Detail

Table 10 – Finance and Human Resources

		FY 09/10	FY 10/11			FY 11/12	
		Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	% Change over Prior Year Budget
3FS	<b>OTHER OPERATING COSTS</b>						
9401019	Liability, Fire & Other Insurance	0	275,000	275,000	230,000	325,000	18.2%
	Vehicle Registration - Non-revenue Vehicles	0	1,000	0	0	0	-100.0%
	Disaster Preparedness	0	1,500	0	0	0	-100.0%
	<b>Sub-total</b>	<b>0</b>	<b>277,500</b>	<b>275,000</b>	<b>230,000</b>	<b>325,000</b>	<b>17.1%</b>
3FS	<b>GENERAL AND ADMINISTRATION</b>						
	Publications	0	250	0	0	0	-100.0%
9501002	Classified Advertising	0	0	2,500	6,000	8,000	#DIV/0!
	Legal Services	0	15,000	0	0	0	-100.0%
	Memberships	0	5,000	0	0	0	-100.0%
	Office Supplies	0	0	0	0	0	#DIV/0!
	Postage & Delivery Expenses	0	10,000	0	0	0	-100.0%
	Consulting Fees	0	30,000	0	0	0	-100.0%
	Advocacy Support Expenses	0	1,500	0	0	0	-100.0%
9501018	Printing Services	0	5,000	5,000	5,000	5,000	0.0%
	Travel, Training and Meetings	0	11,200	0	0	0	-100.0%
9501020	Audit Fees	53,485	55,000	55,200	55,000	60,000	9.1%
	Mileage Reimbursement	5	200	0	0	0	-100.0%
9501022	Bad Debts Expense	5,138	5,000	5,000	500	2,000	-60.0%
9501024	Bank Fees	5,031	20,000	20,000	3,000	3,500	-82.5%
9501025	Credit Card & Debit Card Fees	16,782	50,000	50,000	20,000	20,000	-60.0%
9501026	Employee Recruitment	1,124	1,500	1,500	5,000	15,000	900.0%
9501027	Employment Screening	685	1,500	2,000	25,000	25,000	1566.7%
9501033	Gain/Loss on Asset Disposal	251,089	(10,000)	(10,000)	0	0	-100.0%
	Other General & Administration Expenses	0	500	0	0	0	-100.0%
	Training & Meetings - Transit-Sponsored	0	500	0	0	0	-100.0%
	Temporary Staffing	896	0	0	0	0	#DIV/0!
9501037	Sales Expense for CPOS	1,264	0	0	2,000	2,000	#DIV/0!
9501036	MTA EZ Pass Expenditures	33,763	0	0	0	0	#DIV/0!
	<b>Sub-total</b>	<b>369,262</b>	<b>202,150</b>	<b>131,200</b>	<b>121,500</b>	<b>140,500</b>	<b>-30.5%</b>
	<b>TOTAL</b>	<b>369,262</b>	<b>479,650</b>	<b>406,200</b>	<b>351,500</b>	<b>465,500</b>	<b>-3.0%</b>



## Finance and Administration Department Expenditure Detail

Table 11 – Administration

		FY 09/10	FY 10/11			FY 11/12	
		Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	% Change over Prior Year Budget
<b>OTHER OPERATING COSTS</b>							
	Facility Maintenance - Outside Services	0	10,000	0	0	0	-100.00%
	Maintenance - Other Equipment	0	10,000	0	0	0	-100.00%
	Service Contracts - Operation/Maintenance	0	81,300	0	0	0	-100.00%
	Emergency Preparedness and Disaster Recovery	0	1,500	0	0	0	-100.00%
	<b>Sub-total</b>	<b>0</b>	<b>102,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-100.00%</b>
<b>4AS GENERAL AND ADMINISTRATION</b>							
	Publications	0	295	0	0	0	-100.00%
	Classified Advertising	0	2,500	0	0	0	-100.00%
	Legal Services	131,377	125,000	0	0	0	-100.00%
	Memberships	0	750	0	0	0	-100.00%
9501009	Office Supplies	22,304	25,000	25,000	25,000	25,000	0.00%
9501010	Postage and Delivery Expenses	0	0	10,000	10,000	12,000	#DIV/0!
	Consulting Fees	0	93,700	0	0	0	-100.00%
9501014	Administrative Costs	0	1,000	1,000	1,000	1,000	0.00%
	Advocacy Support Fees	1,000	1,800	0	0	0	-100.00%
	Advocacy Support Expenses	250	5,000	0	0	0	-100.00%
	Travel, Training and Meetings	0	2,500	0	0	0	-100.00%
	Mileage Reimbursement	0	200	0	0	0	-100.00%
	Employment Screening	0	500	0	0	0	-100.00%
	Website Maintenance	0	35,000	0	0	0	-100.00%
	Other General & Administration Expenses	0	41,526	0	0	0	-100.00%
	Training & Meetings-Transit-Sponsored	0	2,000	0	0	0	-100.00%
	Miscellaneous Special Events	1,067	0	0	0	0	#DIV/0!
	<b>Sub-total</b>	<b>155,999</b>	<b>336,771</b>	<b>36,000</b>	<b>36,000</b>	<b>38,000</b>	<b>-88.72%</b>
	<b>TOTAL</b>	<b>155,999</b>	<b>439,571</b>	<b>36,000</b>	<b>36,000</b>	<b>38,000</b>	<b>-91.36%</b>

Table 12 – Information Technology

		FY 09/10	FY 10/11			FY 11/12	
		Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	% Change over Prior Year Budget
<b>2FF OTHER OPERATING COSTS</b>							
9401006	IT Maintenance - Computer Equipment	6,930	15,000	25,000	25,000	25,000	66.7%
9401008	IT Maintenance - Labor	168,522	0	0	0	0	#DIV/0!
9401009	IT Maintenance - Parts & Supplies	1,409	3,000	3,000	0	14,000	366.7%
9401012	IT Softw are Agreement & Licenses	142,370	175,000	175,000	175,000	199,551	14.0%
	<b>TOTAL</b>	<b>319,231</b>	<b>193,000</b>	<b>203,000</b>	<b>200,000</b>	<b>238,551</b>	<b>23.6%</b>

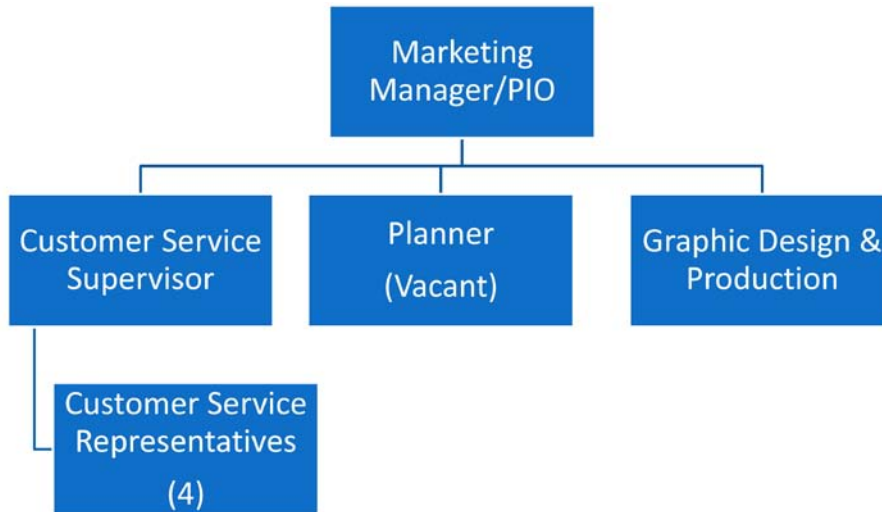
## D. CUSTOMER AND PUBLIC INFORMATION SERVICES

The Customer and Public Information Services Department works directly with the public in many ways:

- Selling Passes
- Processing reduced fare ID cards
- Providing general information
- Managing complaints and resolution
- Participating in outreach efforts to educate the public regarding AVTA services
- Creation and distribution of all press releases and AVTA service information. This includes design and maintenance of the AVTA website, design and distribution of service brochures and maps, updating information pods and creating temporary signage. With state-of-the-art media equipment, customer service also designs and produces bus wraps, vinyl lettering, and many projects that previously were contracted out.
- Management of lost and found items
- In-house pass sale reports, ridership reports, and phone reports are created by the Customer Service Department. Customer Service also creates the MTA invoice for EZ Passes and Metrolink boardings.
- Working closely with the contractor, Customer Service is also involved with route planning and service changes based upon public input.
- Responsible for Public Information. The Public Information Officer is AVTA's direct media contact and coordinates advertising campaigns and purchasing promotional items.

**Mission Statement:** To have a positive effect on the public we serve by providing high quality customer service delivered with a sense of warmth, friendliness, and individual pride.

## Staffing:



## Fiscal Year 2010/2011 Accomplishments

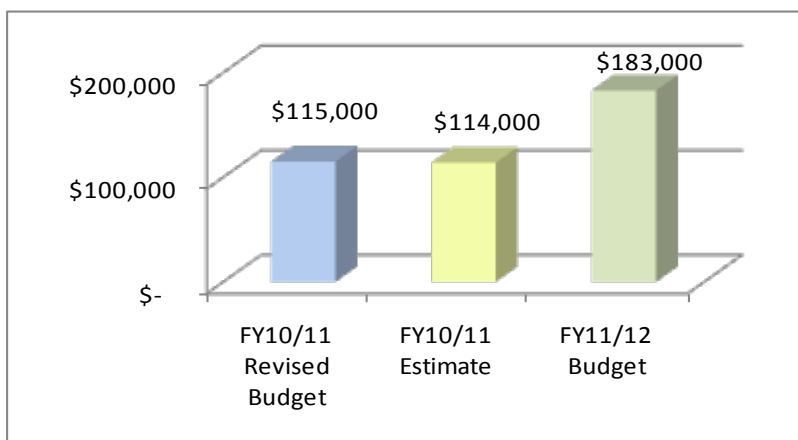
- Continued to develop partnerships with various stakeholders and provided excellent customer service
  - Increased local vendor locations for TAP sales
  - Maintained strong community outreach program through 28 on-site visits to schools, mental health and senior facilities
  - Assumed management of bus stop maintenance program in Palmdale
  - Participated in the City of Palmdale's disaster plan committee
  - Participated in service evaluation with operation staff
- Improved systems and procedures
  - Updated the Customer Service Standards manual for use by all drivers, dispatchers, customer service representatives and road supervisors
  - Updated AVTA phone tree to improve accessibility of customer information
  - Initiated the Mobility Management Program

## Fiscal Year 2011/2012 Highlights

- Continue to develop partnerships, improve customer service and promote AVTA's programs
  - Complete the redesign of AVTA website in order to provide more accurate and updated information. Take advantage of the latest tools in information technology.
  - Continue to increase local vendor locations
  - Review possibility of selling passes on local transit route buses
  - Develop and coordinate plans for the 20<sup>th</sup> Anniversary celebration
  - Implement and monitor an average hold time measure for customer phone calls
  - Continue to participate in local events to further AVTA's public service and to connect to the community
  
- Further improve the department's systems and procedures for efficiency and effectiveness
  - Monitor TransTrack to ensure data accuracy and timely availability of information for management use
  - Complete the Mobility Management Program to improve service coordination
  - Implement Tyler Point of Sale module

### **Customer and Public Information Services Department Expenditure Graph**

Chart 11 – Customer and Public Information Services Expenditure



## Customer and Public Information Services Department Expenditure Detail

Table 13 – Customer and Public Information Services Expenditure Detail

		FY 09/10	FY 10/11		FY 11/12		
		Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	% Change over Prior Year Budget
<b>OTHER OPERATING COSTS</b>							
	Safety & Disaster Measures	0	1,500	0	0	0	-100.0%
	<b>Sub-total</b>	<b>0</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-100.0%</b>
<b>5CS GENERAL AND ADMINISTRATION</b>							
	Publications	1,827	370	0	0	0	-100.0%
	Classified Advertising	16,250	0	0	0	0	#DIV/0!
9501003	Marketing	28,294	40,000	40,000	40,000	60,000	50.0%
9501018	Printing Services	28,991	35,000	35,000	35,000	35,000	0.0%
	Travel, Training & Meetings	0	250	0	0	0	-100.0%
	Mileage Reimbursement	0	200	0	0	0	-100.0%
9401020	Uniforms	0	0	0	3,000	3,000	#DIV/0!
	Temporary Staffing	0	15,000	0	0	0	-100.0%
9501029	Miscellaneous Special Events	0	5,000	5,000	5,000	50,000	900.0%
9501031	Website Maintenance	0	0	35,000	31,000	35,000	#DIV/0!
	Other General & Administration Expenses	0	200	0	0	0	-100.0%
	Training & Meetings-Transit-Sponsored	0	1,000	0	0	0	-100.0%
	<b>Sub-total</b>	<b>75,362</b>	<b>97,020</b>	<b>115,000</b>	<b>114,000</b>	<b>183,000</b>	<b>88.6%</b>
<b>TOTAL</b>		<b>75,362</b>	<b>98,520</b>	<b>115,000</b>	<b>114,000</b>	<b>183,000</b>	<b>85.7%</b>

## E. PERSONNEL OPERATING BUDGET

The personnel operating budget covers all AVTA employees and includes salaries and benefits. Benefits include medical, dental, vision, defined benefit contributions to CalPERS, short-term and long-term disability among others.

AVTA's policy vests authority to the Board to add or delete positions and approve the overall personnel budget amount. The Executive Director maintains authority to move positions based on the Board-approved staff budgeted expenditures and number of positions.

Shown below are the salaries and benefits budget for FY11, estimate for FY11 and budget for FY 2011/2012:

Table 14 – Personnel Budget

	FY11 Budget	FY11 Estimate	FY12 Budget
Salaries	\$3,536,164	\$3,377,491	\$3,775,133
Benefits	\$1,763,212	\$1,690,889	\$1,670,537
Total	\$5,299,376	\$5,068,380	\$5,445,670*

\* In FY 2011/2012, \$2.2 million of salaries and benefits are reimbursable under the Preventive Maintenance program.

- Salaries represent 69% of FY 2011/2012 total personnel budget for 68.5 positions
- Certain positions will be combined and upgraded
- New part-time position to support fare revenue counting effective July 1, 2011
- Assumed 3% performance-based salary increase
- No change in benefits
- Pay off CalPERS Side Fund by June 30, 2011 to save over \$18,000
- Pre-pay CalPERS FY 2011/2012 employer share for savings of more than \$200,000

# Personnel Operating Budget Expenditure Detail

Table 15 – Personnel Detailed Budget

	FY 09/10	FY 10/11		FY 11/12		% Change over Prior Year Budget
	Actual	Original Budget	Revised Budget	Year-End Estimates	Proposed Budget	
<b>Operating Expenses:</b>						
<b>ZZ Allocated Expenditures - Personnel Costs</b>						
9701001 Salaries & Wages - FT	1,534,141	3,521,154	3,521,154	3,284,886	3,628,180	3%
9702001 Salaries & Wages - PT	11,568	15,010	15,010	40,499	91,953	513%
9701002 Overtime Wages	9,619	-	-	52,106	55,000	#DIV/0!
9701004 Sick Leave	(25,285)	76,494	76,494	66,924	68,276	-11%
9701005 Vacation Leave	183,227	43,578	43,578	59,870	65,230	50%
9701006 Administrative Leave	-	7,163	7,163	4,137	6,206	-13%
<i>Sub-total Salaries &amp; Wages</i>	<b>1,713,270</b>	<b>3,663,399</b>	<b>3,663,399</b>	<b>3,508,422</b>	<b>3,914,845</b>	<b>7%</b>
<b>ZZ Payroll Taxes</b>						
9701215 Medicare	27,060	49,497	49,497	48,974	56,142	13%
9701217 State Unemployment	14,554	28,644	28,644	45,000	30,380	6%
<i>Sub-total Payroll Taxes</i>	<b>41,614</b>	<b>78,141</b>	<b>78,141</b>	<b>93,974</b>	<b>86,522</b>	<b>11%</b>
<b>ZZ Retirement Benefits</b>						
9701412 CALPERS	279,760	557,784	557,784	556,718	438,798	-21%
9701415 457 Plan	9,840	9,840	9,840	8,700	12,002	22%
<i>Sub-total - Retirement Benefits</i>	<b>289,600</b>	<b>567,624</b>	<b>567,624</b>	<b>565,418</b>	<b>450,800</b>	<b>-21%</b>
<b>ZZ Health Benefits</b>						
9701612 Medical	209,563	607,872	607,872	542,503	645,695	6%
9701614 Dental	31,669	109,693	109,693	45,600	51,649	-53%
9701616 Vision	9,359	14,705	14,705	9,240	10,176	-31%
9701618 Long-term Care and AD&D	7,400	24,018	24,018	11,640	15,014	-37%
<i>Sub-total - Health Benefits</i>	<b>257,991</b>	<b>756,288</b>	<b>756,288</b>	<b>608,983</b>	<b>722,534</b>	<b>-4%</b>
<b>ZZ Insurance</b>						
9701811 Life Insurance	8,518	9,622	9,622	5,640	6,611	-31%
9701812 Short-term Disability	6,404	12,895	12,895	21,000	24,472	90%
9701813 Long-term Disability	9,190	18,801	18,801	13,500	16,386	-13%
<i>Sub-total - Insurance</i>	<b>24,113</b>	<b>41,318</b>	<b>41,318</b>	<b>40,140</b>	<b>47,469</b>	<b>15%</b>
<b>ZZ</b>						
9701915 Workers' Compensation	38,258	180,606	180,606	250,000	213,500	18%
9701916 Tuition Reimbursement	18,000	12,000	12,000	1,443	10,000	-17%
	-			-		
<b>Total Personnel Costs</b>	<b>2,382,846</b>	<b>5,299,376</b>	<b>5,299,376</b>	<b>5,068,380</b>	<b>5,445,670</b>	<b>3%</b>

## F. FISCAL YEAR 2011/2012 CAPITAL PROGRAM

This provides information on all capital programs that are scheduled to begin or will be underway in FY 2011/2012. AVTA's capital program is depicted in the following chart:

Chart 12 – FY2011/2012 Capital Program

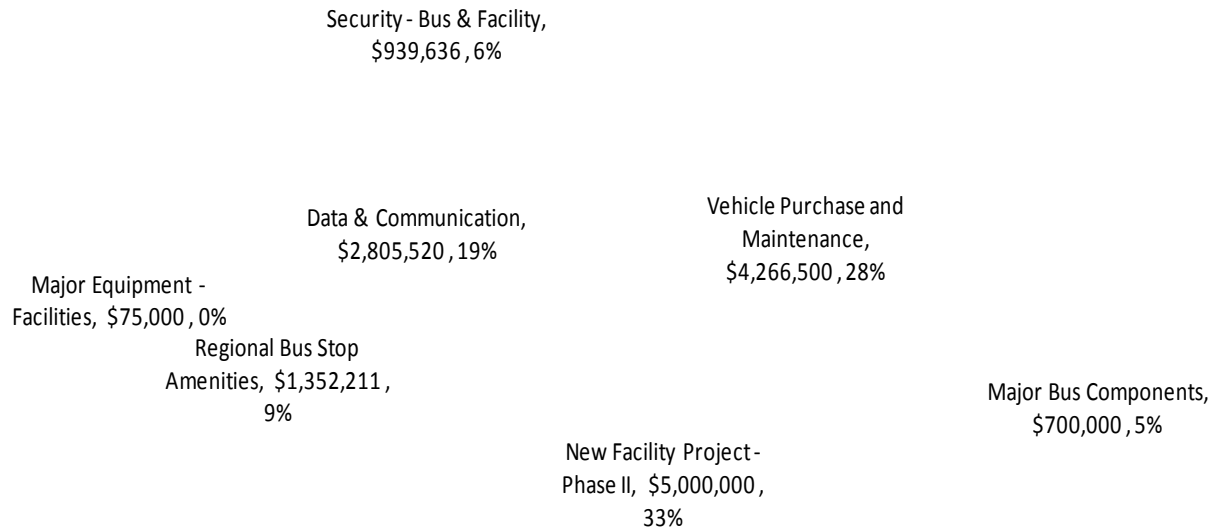




Table 16 – Capital Program

PROJECT	ALI	% FEDERAL FUNDS	GRANTS	ORIGINAL BUDGET 2010-11	FY 2010-11 YEAR-END EXPENDITURES	FISCAL YEAR 2011-12	FISCAL YEAR 2012-13	FISCAL YEAR 2013-14	FISCAL YEAR 2014-15
<b>VEHICLES</b>									
<b>VEHICLE PURCHASE AND MAINTENANCE</b>									
Local Transit Replacement Coaches (4 units FY10/11; 12 units FY14/15)	11.13.03	80%	Grant 596	\$ 1,845,500	\$ 1,845,500	\$ -	\$ -	\$ -	\$ 4,140,000
Local Transit Replacement Coaches (11 units FY10/11; 3 units FY14/15)	11.12.01	100%	X038 ARRA	5,965,125	5,965,125	-	-	-	750,000
Maintenance Truck and two support vehicles (3 units - FY10/11) Service and Support Vehicles (6 units FY10/11; 4 units FY11/12; 2 units FY12/13; 13 units for FY13/14)	11.42.11	100%	X038 ARRA	60,000	72,900	-	-	-	-
Dial-A-Ride Replacement Cutaway Vans (9 units FY13/14; 5 units FY14/15)			Grant 875	-	-	-	-	765,000	425,000
Rehab-Rebuild Repower Buses (13 units FY10/11; 16 units for FY11/12)	11.14.01/ 11.14.07	80%	Grant 734/799/875	1,241,152	2,500,000	2,000,000	-	-	-
Commuter Replacement Coaches (3 units FY12/13)			Grant 875	-	-	-	1,800,000	-	-
Commuter Expansion Coaches (3 units FY11/12)	11.13.01	80%	Grant 799	-	-	2,151,500	-	-	-
<b>Subtotal</b>				<b>9,242,777</b>	<b>10,501,670</b>	<b>4,266,500</b>	<b>1,880,000</b>	<b>1,225,000</b>	<b>5,315,000</b>
<b>MAJOR BUS COMPONENTS</b>									
Maintenance Parts - Revenue Vehicles (Major Bus Components)			Grant 875	-	-	300,000	300,000	300,000	300,000
Transit Vehicle Paint (21 units for FY11/12)			Grant 875	-	-	400,000	-	-	-
<b>Subtotal</b>				<b>-</b>	<b>-</b>	<b>700,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Total - Vehicles</b>				<b>9,242,777</b>	<b>10,501,670</b>	<b>4,966,500</b>	<b>2,180,000</b>	<b>1,525,000</b>	<b>5,615,000</b>
<b>FACILITIES</b>									
<b>NEW FACILITY PROJECT - PHASE II</b>									
Phase II - Design and Construction	11.43.03	80%	Grants 342, 634, 616, 635	8,870,013	1,000,000	5,000,000	3,500,000	-	-
<b>Subtotal</b>				<b>8,870,013</b>	<b>1,000,000</b>	<b>5,000,000</b>	<b>3,500,000</b>	<b>-</b>	<b>-</b>
<b>BUS LAYOVER FACILITY AND FUELING STATION</b>									
Satellite Bus Layover Facility & Fueling Station				-	-	-	1,000,000	-	-
<b>Sub-total</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>
<b>REGIONAL BUS STOP AMENITIES</b>									
Regional Bus Stop Amenities	11.94.02/ 11.34.04 / 11.92.02	Part 80%, Part 100%	ARRA/ Grant 734	2,093,630	1,120,000	-	-	-	-
Regional Partnership Projects		100%	Grant 875/ Fed 5307 MTA	-	-	1,352,211	3,300,000	-	-
<b>Sub-total</b>				<b>2,093,630</b>	<b>1,120,000</b>	<b>1,352,211</b>	<b>3,300,000</b>	<b>-</b>	<b>-</b>
<b>Total - Facilities</b>				<b>10,963,643</b>	<b>2,120,000</b>	<b>6,352,211</b>	<b>7,800,000</b>	<b>-</b>	<b>-</b>
<b>OTHERS</b>									
<b>MAJOR EQUIPMENT - FACILITIES</b>									
Major Equipment - Facilities Maintenance & Support	11.71.03	80%	Grant 799	150,000	75,000	75,000	150,000	150,000	150,000
<b>Subtotal</b>				<b>150,000</b>	<b>75,000</b>	<b>75,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>DATA &amp; COMMUNICATION</b>									
Major Equipment - Communication System Upgrade	11.71.03	80%	Grants 616/ 799/ 875	165,000	135,000	265,000	50,000	50,000	50,000
ITS Implementation Upgrade/Replacement	11.42.08	80%	Grant 799/ 875	800,000	300,000	1,300,000	500,000	-	-
Software Modifications	11.42.20	80%	Grant 616/ 875	200,000	200,000	200,000	200,000	200,000	200,000
Maintenance/Admin Equipment	11.71.03	80%	Grants 616/799	-	-	915,520	-	-	-
Finance System Purchase	11.42.20	80%	Grant 616	319,110	319,110	125,000	-	-	-
<b>Subtotal</b>				<b>1,484,110</b>	<b>954,110</b>	<b>2,805,520</b>	<b>750,000</b>	<b>250,000</b>	<b>250,000</b>
<b>MAJOR EQUIPMENT - ADMINISTRATIVE SUPPORT</b>									
Records Management	11.71.03	80%	Grant 616	164,718	164,718	-	-	-	-
<b>Subtotal</b>				<b>164,718</b>	<b>164,718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SECURITY - BUS &amp; FACILITY</b>									
Security Bus & Facility	11.42.09	80%	Grant 596	54,866	54,866	-	400,000	-	-
Safety and Security	11.43.03	Part 80%, Part 100%	Grant 342/ 596	93,750	123,686	64,636	-	-	-
Emergency Management System		100%	Grant 875	-	-	875,000	-	-	-
<b>Subtotal</b>				<b>148,616</b>	<b>178,552</b>	<b>939,636</b>	<b>400,000</b>	<b>-</b>	<b>-</b>
<b>Total - Others</b>				<b>1,947,444</b>	<b>1,372,380</b>	<b>3,820,156</b>	<b>1,300,000</b>	<b>400,000</b>	<b>400,000</b>
<b>Grand Total</b>				<b>\$ 22,153,864</b>	<b>\$ 13,994,050</b>	<b>\$ 15,138,867</b>	<b>\$ 11,280,000</b>	<b>\$ 1,925,000</b>	<b>\$ 6,015,000</b>

\* Note: Most capital projects for future years will be funded by future grants.

*Facility Project - Phase II* - This is a fully funded capital project that was approved in previous years. This project will remodel the interiors and make minor additions to the existing facility, which would further facilitate the operation of AVTA. This project also includes adding solar panel systems supported by shade structures in the facility's

employee and visitor parking lots. Additional information regarding this project is shown below:

Administration Building

- New Community Room, restroom, anteroom
- New Vestibule to accommodate employee entrance
- Expanded lobby

Maintenance Building

- Add space for graphics equipment
- North Bay Maintenance building – additional shell space
- Office and break room remodel

Bus Wash Building

- Additional bus wash bay

Solar Photovoltaic Bus Parking Structure

- Addition of new 200kw Solar PV covered parking structure

Timeline:

May 2011	-	Issue Request for Bids
July/August 2011	-	Contractor selection
September 2011	-	Begin construction
December 2012	-	Estimated completion

Budget:

FY 2010/2011	\$1.0 million
FY 2011/2012	\$5.0 million
FY 2012/2013	<u>\$3.5 million</u>
Total	\$9.5 million

*Regional Bus Stop Amenities* - In partnership with the cities and the county of Los Angeles, AVTA has dedicated a portion of its federal funding for mutually beneficial public works projects such as additional bus stop improvements or transit centers.

*Data and Communication* - Intelligent Transportation System (ITS) Implementation. A project that will allow AVTA to collect a wide variety of information about the fleet operations. Once fully implemented, customers will be able to use the system, through the web or phone applications, to obtain up-to-date information on the bus schedules.

## **IX. MODAL BALANCES OF MEMBER JURISDICTIONS**

In June 1994, AVTA established a Contingency Reserve with a minimum balance of \$409,925. The only monies to be deposited into this reserve would be carryover of the excess of mode balances each year.

In May 1996, AVTA's 1994 reserve policy was replaced with a long-term capital replacement plan, which merged the existing reserve funds into a financial model that forecast the vehicle replacement needs of AVTA. Annual payments to AVTA made by June 30, 1997 were reserved for anticipated capital needs beginning June 30, 2001. Interest earnings would additionally supplement the reserve fund growth. The Board also adopted a policy requiring members to keep their reserve balances current and fully replace any withdrawals plus interest by the date of vehicle replacement. The capital replacement program began with the minimum reserve balances established on June 30, 1994.

In 2004, the City of Palmdale engaged the services of their independent auditor to review the reserve requirements and balances of the member jurisdictions. Subsequently, the City of Lancaster's independent auditors conducted a review of the reserve requirements and reserve balances of the member jurisdictions for the same period. In 2007, AVTA engaged the services of an independent consultant to study the members' reserve requirements.

In 2008, a joint study tracked the members' contributions and calculated the modal balances in a manner that allocated revenues and expenses based on a JPA prescribed formula to the County of Los Angeles and to the cities of Lancaster and Palmdale. This study reported a total reserve balance for all the member jurisdictions of \$6,718,684 as of June 30, 2009. This amount is included in the Unrestricted Net Assets total of AVTA \$8,533,977 for the same period.

The FY 2011/2012 Business Plan forecasts an increase of \$1,539,818 in the modal balances at the end of the fiscal year, due to the excess of revenues over projected expenditures. This increase will roll over to the two reserves (operating and capital) established by the Board in previous years.

## 1. Operating Reserve

The Operating Reserve has been established at three months of budgeted total operating expenses. There will be sufficient operating reserves in FY 2011/2012 without the need to increase jurisdictional contributions.

## 2. Capital Reserve

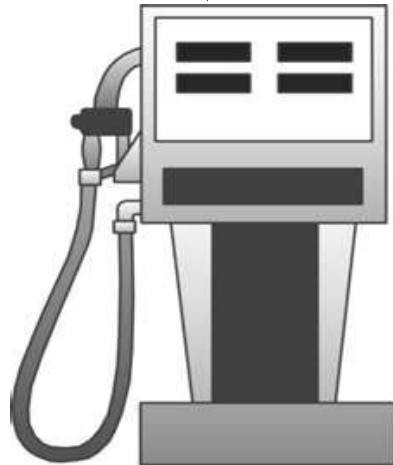
### **Objectives of Capital Reserve Requirement**

1. A Capital Reserve Fund is to be established to anticipate major capital expenditure to replace the buses in AVTA's fleet. This will consist of:
  - a) Physical analysis - this is based on the current condition and repair or replacement cost
  - b) Financial analysis – this is based on the evaluation of the reserve balance in relation to the depreciation and accumulated depreciation as measured by percent funded
2. Physical assets deteriorate or depreciate; need to offset by increasing the financial asset (capital reserve) over time.
3. To provide a fund to collect funds at a stable or agreed-upon rate to offset depreciation and disposal of the buses to ensure that operational requirements are met.

FY 2011/2012 Required Balance	\$3,210,635
FY 2011/2012 Projected Balance	\$2,303,134

***72 percent of the required FY 12 Capital Reserve is funded***

Following is an illustration of AVTA's modal balance and reserve policy.



**\$1,539,818**  
**Projected Increase in Modal  
 Balance in FY 2011/2012**

**\$7,963,941 = \$6,424,123 + \$1,539,818**  
**Ending Modal Balance =**  
**Beginning Modal Balance**  
**+ FY 2011/2012 Projected Increase**



**Required Operating Reserve**  
**\$5,660,807**

**Capital Reserve**  
 FY 2011/2012 Required Balance =  
 \$3,210,635  
 FY 2011/2012 Projected Balance =  
 \$2,303,134  
 72% funded



## X. FIVE-YEAR FORECAST

AVTA's projected operating results for the transit system for the fiscal years ending June 30, 2013 through June 30, 2017 are set forth below. The five-year financial forecast represents AVTA's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events.

Table 17 – Five-Year Financial Forecast

(in million dollars)

	FY13	FY14	FY15	FY16	FY17
Total Revenues	\$20.6	\$16.6	\$17.0	\$17.5	\$17.9
Total Expenses	\$21.8	\$22.4	\$23.1	\$23.8	\$24.5
Member Contributions	\$3.3	\$3.4	\$3.5	\$3.6	\$3.7
Revenues Over (Under) Expenditures	\$2.2	(\$2.4)	(\$2.5)	(\$2.7)	(\$2.8)
Excess (Shortfall) on Reserves - Operations Only	\$10.2	\$7.8	\$5.3	\$2.6	(\$0.2)

Numbers may not agree due to rounding off

### Assumptions

- a) 1% increase in fare and ridership as a result of fare study and route adjustments
- b) MTA operating subsidies to increase by 3%
- c) Annual adjustments to member jurisdiction contributions are projected at 3%
- d) Maintenance and parts will remain in-house

- e) No significant change in benefits and other operating costs except for an assumed increase of 1% to 5% every year
- f) Projected 3% higher contract services cost each year
- g) Budget reductions totaling \$1.4 million beginning FY13

One of AVTA's FY 2011/2012 initiatives is to review the member jurisdiction contributions to:

- o Address capital reserve which is projected to be below required level
- o Address long-term financial and operational goals
- o Develop a methodology acceptable to all members that will be reviewed and revised for any significant changes in AVTA's operations

## **XI. OTHER INFORMATION**

### **A. TRANSIT SERVICE BY TYPE**

The AVTA transit service network encompasses the following three types of services:

**Local fixed-route Transit** includes local routes and supplemental school service that operate within the Antelope Valley.

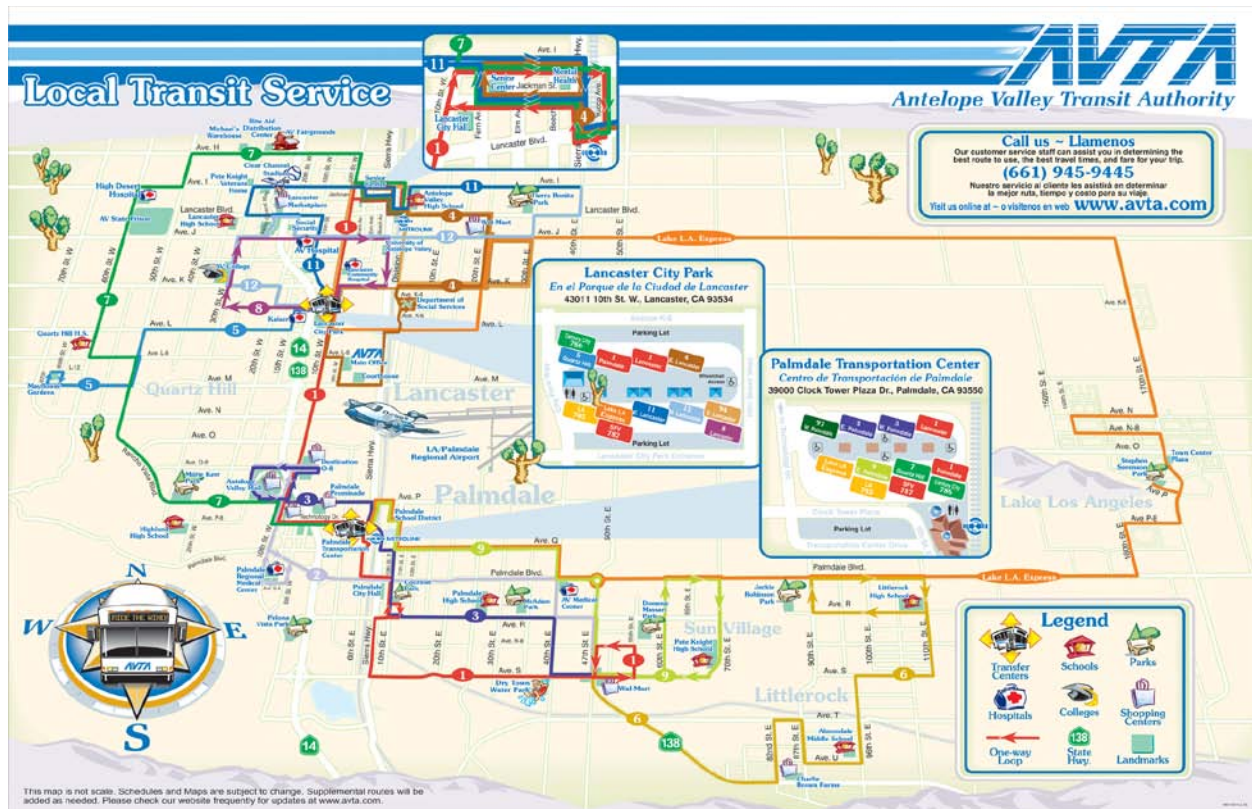
As shown on Figure 1, Local Transit Service Map, AVTA's local transit service area covers approximately 1,000 square miles centered in downtown Palmdale and Lancaster. AVTA also offers a fixed-route express bus service to Lake Los Angeles and supplemental routes that serve local schools during peak periods.

AVTA has two main transfer centers, the Palmdale Transportation Center in downtown Palmdale and Lancaster City Park in downtown Lancaster. The Palmdale Transportation Center also enables direct transfers between AVTA Routes 1, 3, 7, 9, Lake L.A. Express, 97, 785, 786, and 787 and Metrolink's Antelope Valley Line. Connection may also be made with Metrolink via AVTA Routes 4 and 11 at the Lancaster Metrolink Station.

AVTA contracts the operation of its local transit, Dial-a-Ride, and commuter bus services to Veolia Transportation. Access Services Inc, (ASI) provides ADA complimentary service countywide. ASI currently contracts with Southland Transit, Inc. to provide these services in the Antelope Valley.



Figure 1: Local Transit Service Map



**Commuter Service** AVTA provides three weekday commuter express bus services from the Antelope Valley to major employment centers and park-and-ride lots in Downtown Los Angeles, Century City and the west San Fernando Valley, as shown in Figure 2 through 4. Lancaster City Park and Palmdale Transportation Center are the designated morning pick up and evening drop off locations within the Antelope Valley.

Figure 2: Route 785 – Commuter Service Map



Figure 3: Route 786 – Commuter Service Map

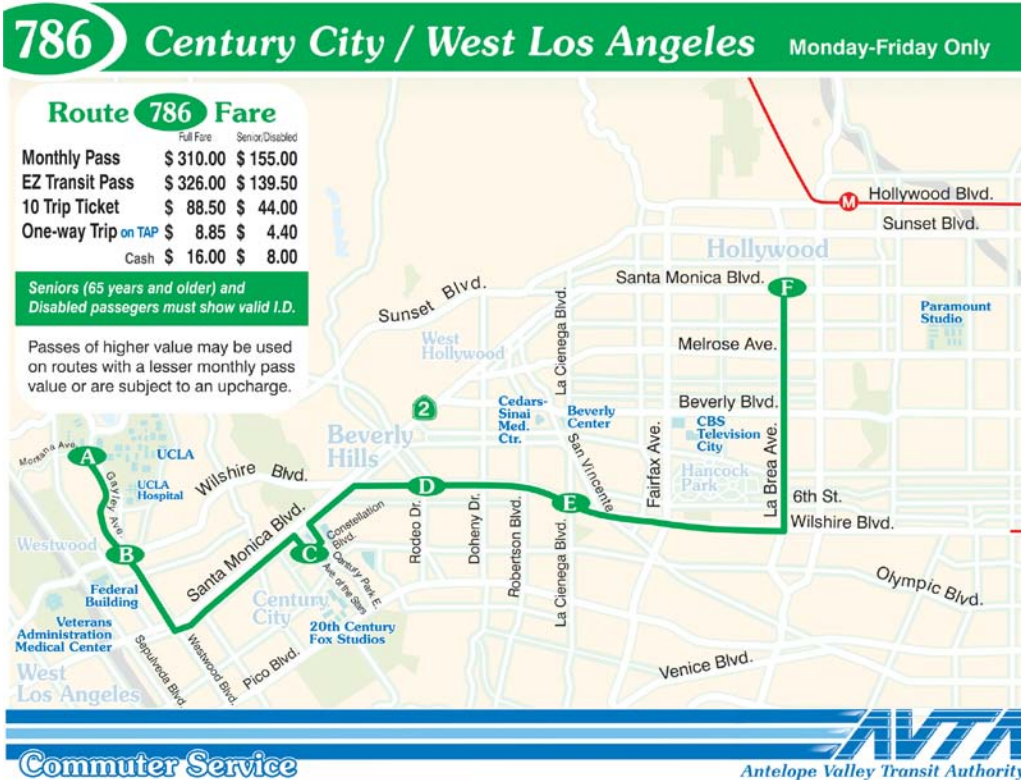
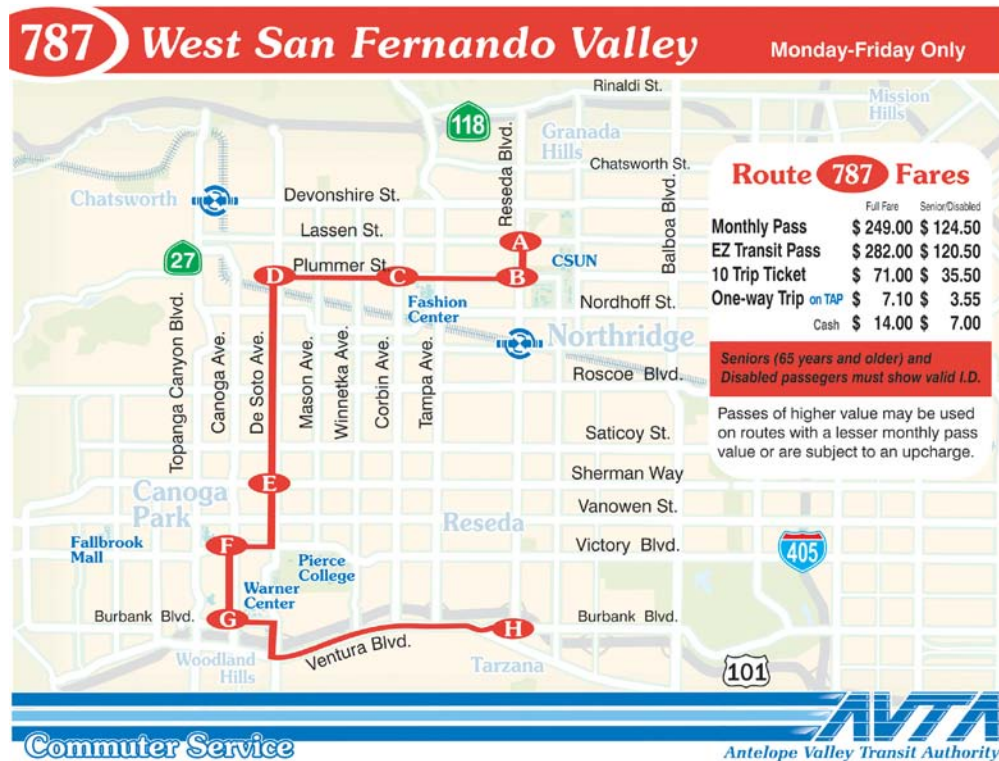


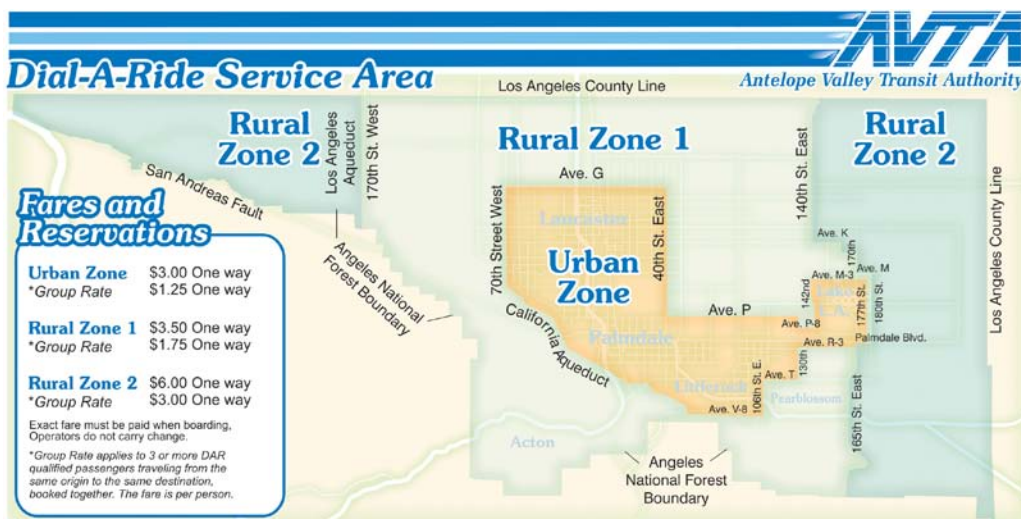


Figure 4: Route 787 – Commuter Service Map



**Dial-A-Ride Service** is a demand response service that provides curb-to-curb van service serving seniors over the age of 65 and disabled residents who reside in the Antelope Valley. General Public Dial-A-Ride services are also available in the Rural Zone. DAR trips can be scheduled up to three days in advance; however, AVTA limits annual revenue hours. Therefore, DAR client subscription orders cannot exceed 25 percent of total trips on any operational day.

Figure 5: Dial-A-Ride Service Map



## B. FLEET

**Local Fixed Route** buses use a low-floor design that makes it easier to get on and off the bus. Transit vehicles seat 38 to 40 passengers and have two wheelchair positions. The front steps can be lowered for passengers who have difficulty boarding. These buses use “clean diesel” fuel and are environmentally friendly. AVTA maintains 43 local transit buses (including five that are temporarily leased) - 31 are in use daily.

**Commuter Service** to Los Angeles and the San Fernando Valley uses a mix of vehicles which seat 53 to 68 passengers. All of our commuter coaches are lift-equipped and feature high-back reclining seats with individual lights and venting. On board restrooms add an extra convenience. AVTA maintains 25 commuter coaches – 20 of these are in use daily to meet peak requirements.

Support vehicles play an important part in the operations of AVTA. A variety of trucks and vans are used by our road supervisors, management, and maintenance staff. AVTA maintains 10 support vehicles.

**Dial-A-Ride service** features Ford and Chevrolet vans which accommodate up to 18 passengers and four wheelchairs. AVTA maintains 14 DAR vehicles - 11 are in use daily.

The current fleet inventory is detailed in the table below.

Table 18 – Fleet Inventory as of May 2011 – Active Only

Service Type	Number of Vehicles	Year and Model	No. of Seats	Scheduled Replacement
Local Transit	5	1992 40' Gillig Phantom - High Floor	43	2015*
Local Transit	16	2001 40' Gillig Low Floor	38	2012
Local Transit	13	2004 40' Gillig Low Floor	39	2016
Local Transit	6	2003 40' North American Bus Inc. (NABI)	40	2015
Local Transit	3	2008 Chevy Passport Local Transit C5500	32	2015
<b>Total Local Transit:</b>	<b>43</b>			
Commuter	3	1999 45' MCI Highway Coach	53	2013 & 2014
Commuter	3	2002 45' MCI Highway Coach	53	2018*
Commuter	13	2004 45' MCI Highway Coach	53	2020*
Commuter	6	2008 45' MCI Highway Coach	53	2024
<b>Total Commuter:</b>	<b>25</b>			
Dial-a-Ride	14	2008 Ford E450 - Paratransit Cutaways	18	2014
<b>Total DAR:</b>	<b>14</b>			
<b>GRAND TOTAL:</b>	<b>82</b>			

\*Buses have been refurbished and useful life extended beyond 12 years.

## **XII. FUNDING AND GRANT DESCRIPTIONS**

External funding for AVTA operations and maintenance (other than member jurisdiction contribution) comes primarily from federal and regional/local sources, including FTA Section 5307 formula funds and MTA operating subsidies.

### **FEDERAL FUNDING:**

#### **Section 5307 Formula Funds**

The FTA Urbanized Area Formula Grants Program (Section 5307) allocates federal grants based on an urbanized area formula to fund transit capital (including preventative maintenance) and operating purposes. Depending on the size of the urbanized area, eligible uses for Section 5307 funds may include the engineering design, evaluation and planning of transit projects and other technical studies related to transportation; capital investments for bus and bus-related activities; the construction and maintenance of transit facilities; and capital investments in fixed guideway systems.

For large urbanized areas (those with populations greater than 200,000), funding is directly allocated by the FTA regional office and can only be used for transit capital purposes. For small urbanized areas (those with populations between 50,000 and 200,000), FTA apportions funds to the state governor. Small urbanized area funds can be used for both transit capital and operations purposes. Typically, the federal share of any project may not exceed 80 percent of the net cost of the project, with the exception of funds applied to vehicle related equipment purchased to be in compliance with the Americans with Disabilities Act (ADA) and the Clean Air Act (CAA), which may not exceed 90 percent of the net project cost.

AVTA falls into the Large Urbanized Area (UZA) category (over 200,000). However, this designation occurred with the 2000 census. Prior to that time, AVTA was eligible to use 5307 funds for operating or capital. Under the Surface Transportation Reauthorization bill, however, AVTA was allowed to continue claiming up to 50 percent (50%) of its FY 2001/02 5307 federal allocation for operating purposes. This amounts to approximately \$1.103 million each year that can be applied toward bus operations. The rest of the funds are restricted to capital and preventive maintenance expenditures. In coordination with the 100 Bus Coalition, AVTA staff continues to seek relief through the new transportation bill to permit large UZAs to use a portion of their annual allocation for operating expenses beyond preventive maintenance.

#### **Urbanized versus Rural Programs**

AVTA currently provides four distinct services to Antelope Valley residents: (1) fixed route service within the Palmdale/Lancaster urban core; (2) inter-community fixed route service linking the urban core with the rural communities of Lake Los Angeles, Sun Village, and Littlerock; (3) demand-responsive (dial-a-ride) service both inside and outside of the urban service boundary; and (4) commuter service from the urban core to Los Angeles via SR-14.

AVTA's urban and rural transit services are presently consolidated under one program. Based on the current structure, the agency receives allocation dollars from the FTA Section 5307 (Urbanized Area Formula) program, which is intended for use in urbanized zones.

FUNDING PROGRAM	DESCRIPTION	ELIGIBLE USERS
<p><b>FTA Section 5307 (Urbanized Area Formula)</b></p>	<p>A formula grant program for urbanized areas providing capital, operating, and planning assistance for mass transportation.</p> <p>85% of the 5307 funds are distributed to the Los Angeles County Metropolitan Transportation Authority (LACMTA , or "Metro") and to non-Metro operations, while 15% are allocated by Metro on a discretionary basis.</p> <p>This funding source requires a 20% local match.</p>	<p>Preventive maintenance and capital uses. The urbanized formula is based on population, population density, and level of transit service considerations.</p>
<p><b>FTA Section 5311 (Non-Urbanized Area Formula)</b></p>	<p>Funds are distributed to the regions on FTA's non-urbanized area formula for rural and small urban public transportation systems. These funds are used for transit capital and operating purposes in non-urbanized areas.</p> <p>80% of the 5311 funds are distributed based on the non-urbanized population and 20% is through a tier-based land area formula. The federal share is typically 80% for capital costs and 50% for operating costs.</p>	<p>Capital, operating and project administration costs in areas of less than 50,000 population. For Los Angeles County, this includes the unincorporated areas of the Antelope Valley.</p>
<p><b>Section 5316 Job Access and Reverse Commute Program</b></p>	<p>Formula program based on the number of low-income persons, to provide transportation services so that welfare recipients and eligible low-income individuals can access jobs and job-related activities. Funding is subject to annual Congressional appropriation.</p> <p>Eligible sub-recipients include state and local governments, nonprofit organizations and public transportation operators. Federal share is generally 80% for capital costs and 50% for operating costs.</p> <p>SAFETEA-LIU Section 3018 49 USC 5316</p>	<p>Competitive selection of projects that provide access to employment opportunities, public transportation for low-income workers, transit vouchers for welfare recipients and low-income individuals, employer-provided transportation, reverse commute services, shuttle vans or buses, public transportation to suburban employment opportunities, etc. Projects must be included in a locally developed coordinated public transit-human service transportation coordination plan beginning in FY 2007. Non-DOT federal funds can be used as match.</p>

### **Federal Surface Transportation Reauthorization Bill**

Under the current federal transportation funding program (SAFETEA-LU) for federal fiscal years 2005-2011, AVTA receives its allocation of transit funds as a part of the Los Angeles Urbanized Area (UZA), even though AVTA is located in its own UZA, the Lancaster-Palmdale UZA. As part of the reauthorization ending in federal fiscal year 2011, AVTA receives \$1.103 million per year for general operating purposes. Unless language is included in the new authorization bill, AVTA will lose these funds. Therefore, AVTA should continue to focus on the ability to use Federal grant funding for operating purposes in the new Federal transportation bill as part of the 100 Bus Coalition, which would include language to protect the ability of operators with less than 100 buses to use federal funds for operating purposes.

### **Federal Access to Jobs and Reverse Commute Program (JARC)**

The FTA Federal Access to Job and Reverse Commute (JARC) Program provides funds for projects and services intended to transport low-income persons to work and projects that move persons to suburban job centers. The JARC Program is fully funded by the Mass Transit Account of the Highway Trust Fund. Revenue sources come from excise taxes on highway motor fuel and truck-related taxes on tires, sale of trucks and trailers, and heavy vehicle use. Distributions are allocated based on a formula program and dependent on the number of low income persons (60/20/20 distributed to designed recipients in areas with populations over 200,000, to States for areas under 200,000 and to States with non-urbanized areas, respectively). LA Metro administers the JARC program in Los Angeles County and distributes these funds to LA County transit operators on a competitive basis. AVTA is using the JARC funds for a three-year Mobility Management Program that will end in 2013.

### **Federal Stimulus Package – American Reinvestment and Recovery Act (ARRA)**

ARRA was approved by Congress to stimulate the economy by funding a wide variety of capital improvements. These funds were directed to various government agencies, including transit providers. LA Metro allocates these funds in Los Angeles County via the Capital Allocation Procedure (CAP) already in place. AVTA received \$10.2 million in ARRA funding, dedicated to vehicle replacement and acquisition, modifications to the AVTA transfer center at Lancaster City Park, and construction of photovoltaic-equipped parking structures.

### **STATE FUNDING:**

#### **Proposition 1B State Infrastructure Bonds**

Approved by voters in November 2006, the Proposition 1B Infrastructure Bond Program authorized the State to sell \$19.9 billion of general obligation bonds to fund transportation projects and to fund ridership growth on smaller transit systems. Two relevant accounts that apply to AVTA include the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) and the Transit System Safety, Security and Disaster Response Account. These funds are being used as local match on the Phase II facility project. Receipt of Prop 1B is dependent on state bond sales.

### **State Transit Assistance (STA)**

In 1978, the TDA established a second major source, the State Transit Assistance (STA) Program, which is derived from the statewide sales tax on gasoline and diesel from the Transportation Planning and Development Account in the State Transportation Fund. STA provides funding for public transportation, transportation planning, and community transit that is restricted to transit purposes (operating and capital).

Before LA Metro receives the funds, STA funds are allocated by formula by the State Controller and are divided into two subcategories: Population-Based and Revenue-Based programs. Under the Population-based share, 50 percent of the funds are allocated by formula based on the region's population in comparison to the State's population. For the Revenue-Based share, funds are returned by formula according to the prior year proportion of regional transit operator revenues in contrast to the statewide transit operator revenues. AVTA is an eligible recipient of STA programs but is allocated a formula-share equivalent of these funds through the LA Metro's Formula Allocation Procedure (FAP).

### **Gas Tax Swap – Summary of Provisions and Impact**

The so-called "gas tax swap" consists of a package of three bills, passed by the legislature and signed into law by the governor in March, 2010. Continued state funding is dependent on the extension of the tax package approved under these bills.

### **LOCAL FUNDING:**

AVTA currently receives its regional/local funds from MTA in the form of funding from Propositions A and C, Measure R, and from member jurisdiction contributions (Los Angeles County, City of Palmdale, and City of Lancaster).

**Proposition A 40% Discretionary** – These funds are derived from a local sales tax approved by Los Angeles County voters in 1980, and are available for operating or capital projects throughout Los Angeles County. Twenty-five percent of the tax is returned to local entities based on population for use in local transit projects. Thirty-five percent is for rail development and operations, and forty percent is for bus operations projects at the discretion of the LACMTA Board. Historically these funds have been allocated to all operators via the MTA's Formula Allocation Procedure, which allocates bus operations funds among 18 transit agencies based on revenue, base fare and service miles. As an "eligible" operator versus an "included" operator, AVTA receives a formula-equivalent amount of Proposition A funding in lieu of Local Transportation Funds (TDA Article 4).

**Proposition C 40% Discretionary** - Local sales tax (since 1990) available for operating or capital projects throughout Los Angeles County. Forty percent of the revenues collected are eligible for use on rail or bus projects at the discretion of the LACMTA Board. Typically, these funds are allocated via the Formula Allocation Procedure (FAP) to all eligible and municipal operators. Programs developed under the Prop C 40% portion dedicated to bus transit include the Bus System Improvement Plan (BSIP), which was originally created to relieve bus overcrowding; the Base Restructuring program, developed to offset changes in the cost of transit operators' "base" service



established many years ago; and the Transit Service Expansion (TSE) program. These funds are intended for operating purposes only.

**Measure R 20% Bus Operations** – These funds are derived from a local sales tax ordinance approved by Los Angeles County voters in 2008. The funds are allocated via the Formula Allocation Procedure (FAP) by LA Metro to fixed-route transit operators. Designed primarily as a funding source for rail operations, 20 percent of the Measure R funds are dedicated to bus operations and may be used for either operating or capital.

#### **FUNDS ALLOCATED BY LOS ANGELES COUNTY METROPOLITAN TRANSIT AUTHORITY (L.A. METRO)**

AVTA's operating funds received through LA Metro are subject to a process called the Formula Allocation Procedure (FAP). Its capital funds, although they are federal section 5307, are subject to allocation through a Capital Allocation Procedure (CAP).

The Propositions A and C, STA and Measure R funds are all allocated via the FAP. All of these funds can be used to subsidize operating expenses, and some may be used for capital purposes if not needed for operations. The FAP is based on fare revenue and vehicle service mile data from the most recent audited Transit Performance Measurement (TPM) reports available for each of the 18 included and eligible transit operators. Metro, in its role as the regional planning agency, collects performance data from its own operation and from 17 other operators in Los Angeles County, including AVTA. Metro then distributes the available funds to itself and other operators based on the FAP:

50% "fare units" (fare revenues divided by base fare), and 50% vehicle service miles. Thus, a major change in fare revenues or service miles by one operator (especially by Metro) can have a significant impact on the funding allocation of another operator. In FY 2006/07, Metro modified the FAP to stabilize the FAP and protect operators from being adversely impacted by fare and service changes made by other operators. The main issue was that some operators, particularly those who sell monthly passes, were reducing their base fare and increasing their pass prices, which resulted in an increased "fare unit" value. The fare unit concept was originally designed to encourage operators to keep their base fares low. Once operators caught on to the mathematical implications of "gaming" the formula by increasing their fare revenues and their share of the FAP concurrently, it became a problem that needed to be addressed. Thus, the Metro Board modified the allocation process to "freeze" fare units in a way that allows transit operators to raise their base fare and operate more like a business, without risking a penalty in the form of a reduced FAP share of subsidies.