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September 28, 2012

To: Executive Board

Subject: **Fiscal Year 2013 Budget Adjustment**

Recommendation

Recommend that the Governing Board approve the listed budget adjustments.

Analysis

Foothill Transit currently has projects that will require additional funding allocation because of unanticipated costs or changes in project scope. The changes are primarily attributable to project cost estimates prepared two or more years ago based on then current technology, or changes in scope as a result of new technology that allows enhancements not previously considered as further detailed below.

- The most recent purchase of 14 replacement buses completed in June of this year leaves a surplus of \$4,994,000 which is now available for other projects.
- The 34 replacement buses were originally budgeted in the FY 2011 Business Plan based on then estimated costs. The amount budgeted did not include future costs such as in-plant bus inspections, legal services, use tax, and transfer of existing fareboxes and SMART*Bus* equipment from buses that will be retired when these new coaches are placed into revenue service.
- The amount currently budgeted and programmed for the 30-bus procurement was limited to available funding. In the event funding was not sufficient and additional funding was not available, the project would be modified to stay within budget. It is estimated other costs related to this procurement including in-plant bus inspections, legal services, use tax, and transfer of existing fareboxes and SMART*Bus* equipment from retired buses may increase the total cost of this project.
- The Diamond Bar Park & Ride project is advancing more rapidly than anticipated and funding is needed to ensure that the necessary environmental clearance process will be completed expeditiously.
- Our Finance and Facilities teams have recently completed an assessment of the fare collection process at Foothill Transit's Arcadia facility along with the new operations contractor at that facility and have recommended some hardware and procedural modifications to our current fare revenue collection and vaulting process. These changes will bring operations at the Arcadia facility more in line with industry best practice and the current process at Foothill Transit's Pomona

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operations and maintenance facility. The increased funding for the UFS Fareboxes project will allow those modifications to be put in place.

- The facility hardening project encountered conditions during the initial phases of construction that have required additional architectural and engineering services resulting in changes orders to complete the project. Also Foothill Transit’s security consultant has recommended a number of updates to the facility hardening project that will enhance data communication between facilities without interference or interruptions.

The recommended budget adjustment will increase the capital projects budget by \$1,032,687 which can be funded with \$663,287 in Proposition 1B bonds funds and \$369,400 in unused FY 2013 capital funds. While total project budget increases exceed these amounts, the increases result from the movement of funding between projects.

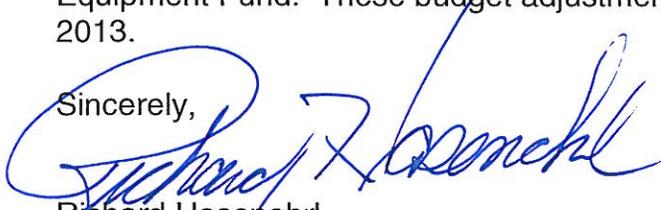
The recommended changes are listed below:

Capital Project	Approved/ Available Budget	Transfer to (From)	Funding Increase	Adjusted Budget
Replacement Buses (14)	\$4,994,000	(\$4,994,000)	\$0	\$0
Replacement Buses (34)	20,165,650	3,200,000		23,365,650
Replacement Buses (30)	18,880,000	794,000		19,674,000
Diamond Bar Park & Ride	0	1,000,000		1,000,000
UFS Fareboxes	0		369,400	369,400
Facility Hardening	1,893,240		663,287	2,556,527
	<u>\$45,932,890</u>	<u>\$0</u>	<u>\$1,032,687</u>	<u>\$46,965,577</u>

Budget Impact

The FY 2013 capital budget will increase by \$1,032,687 which will be funded with \$663,287 in Proposition 1-B Bond funding and \$369,400 from the FY 2013 Capital Equipment Fund. These budget adjustments will result in a balanced budget for FY 2013.

Sincerely,



Richard Hasenohrl
 Director of Finance



Doran J. Barnes
 Executive Director