

SUBJECT

Fiscal Year 2020 Budget Continuing Resolution through September 30, 2020 (Staff Representative: Kenneth McDonald)

RECOMMENDED ACTION

To adopt a resolution authorizing the President and CEO to extend the Fiscal Year 2020 budget spending levels through the first quarter of Fiscal Year 2021 (July 2020 – September 2020), allowing Long Beach Transit to legally encumber and expend funds in the absence of an adopted Fiscal Year 2021 budget.

BACKGROUND

Each fiscal year, Long Beach Transit (LBT) is required to present a balanced budget to its Board of Directors for adoption. An operating budget is needed in order to manage the day-to-day operation of the agency. Moreover, a capital program is developed for long-term state of good repair and sustainability to ensure the continuation of high-quality service delivery to LBT’s customers.

On May 29, 2019, the Board of Directors approved the FY 2020 operating budget in the amount \$106.44 million and capital budget in the amount \$32.45 million.

LBT’s FY 2020 operating revenue comes from eight sources as depicted in the table below.

LBT Income	Amount	% of Total
Subsidies		
Los Angeles County	\$ 45,172,758	42.44%
State Assistance	\$ 33,972,473	31.92%
City of Long Beach	\$ 6,222,686	5.85%
Federal	\$ 3,020,000	2.84%
Revenue		
Fare Revenue	\$ 14,263,855	13.40%
Non-Operating Revenue	\$ 1,930,200	1.81%
Special Events and Advertising	\$ 1,097,000	1.03%
Local Municipalities	\$ 762,256	0.71%
Total Income:	\$ 106,441,228	100%

The vast majority (approximately 80 percent) of LBT's revenues come from subsidies (i.e., Los Angeles County, State Assistance and Proposition A local return from the City of Long Beach).

On March 4, 2020, the City of Long Beach declared a local health emergency due to the possible spread of the COVID-19 in the City. The emergency was declared to strengthen the City's preparedness and ability to respond to the COVID-19 threat. Moreover, Los Angeles County declared a state of emergency the same day for the same reasons.

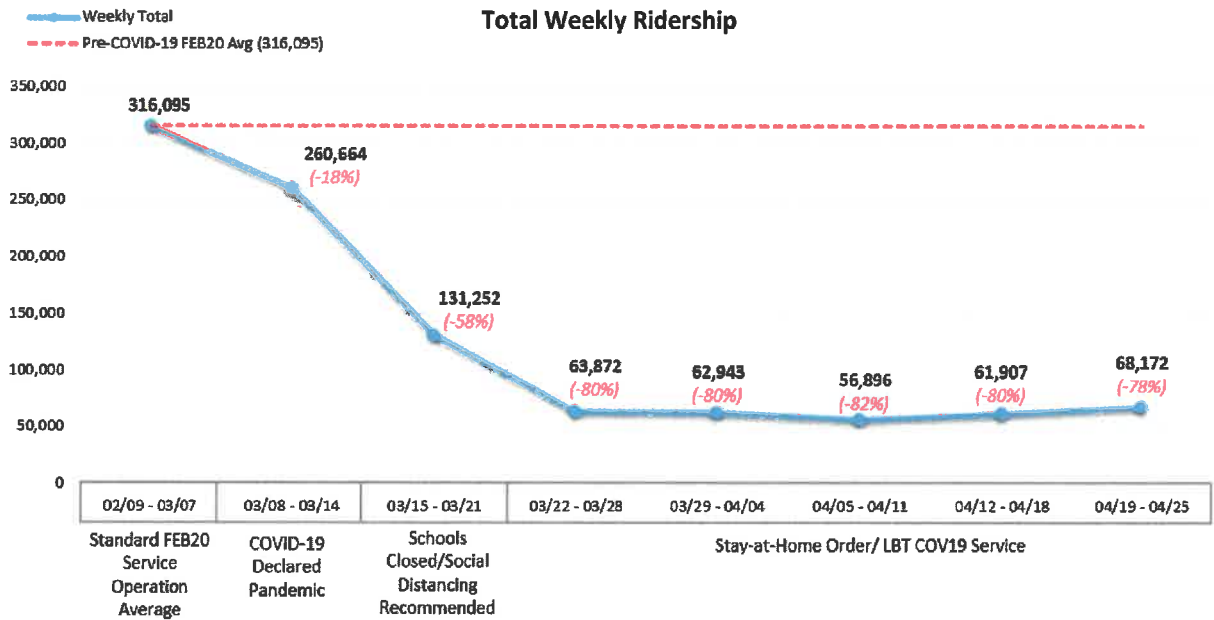
On March 13, 2020, the President of the United States declared a National Emergency over COVID-19. On the same day, Long Beach Unified School District suspended classes for all K-12 students and California State University, Long Beach and Long Beach City College suspended in-person classes.

Subsequently, on March 15, 2020, California's Governor called for more stringent action over the COVID-19 pandemic. The Mayor of Long Beach followed suit and directed bars, taverns, restaurants and similar establishments to close. These actions were targeted at minimizing exposure to COVID-19.

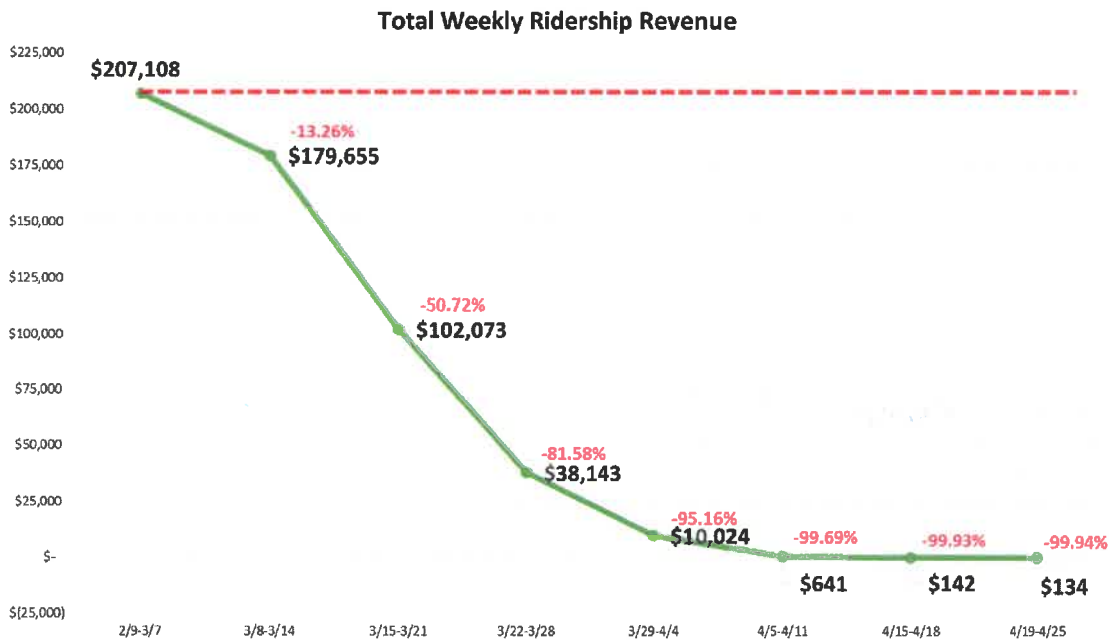
As of May 15, 2020, the City of Long Beach and Los Angeles County are under a "Safer at Home" Order indefinitely.

COVID-19 presents unprecedented financial challenges for the agency. LBT's major revenue sources are projected to decline under the "Safer at Home" Order, due to the resulting business disruptions, reduction in employment, school closures and anticipated pace of economic recovery in the region.

Prior to the "Safer at Home" orders, in February 2020, LBT's average weekly boardings were 326,651. This number was used as a baseline to calculate ridership decline in the subsequent weeks as the COVID-19 pandemic escalated.



LBT has seen a reduction in ridership of nearly 80 percent since the declaration of the COVID-19 pandemic.



Paralleling with the ridership reduction is the loss in revenue of nearly 100 percent.

Staff began planning and developing the agency's budget in February with the organizational focus top of mind; however, as time elapsed and the pandemic impacts became more pronounced, LBT recognized the uncertainty of revenue projections upon which the operating budget is based.

On April 21, 2020, this uncertainty was cemented when the agency received notification from the Los Angeles County Metropolitan Transportation Authority (Metro), in its capacity of the Regional Transportation Planning Agency, that it was unable to provide a clear financial picture due to COVID-19. Metro provides revenue projections to the Los Angeles County Municipal Operators Association (LACMOA) of which LBT is a member agency.

At its May 2020 Board of Directors meeting, Metro will be requesting its Board to adopt a Continuing Resolution of its FY 2020 budget through September 2020, which will extend its FY 2020 budget spending levels through the first quarter of FY 2021 (July 2020 – September 2020). As it presently stands, Metro expects to fulfill the adopted FY 2020 transit funding allocations as specified in its memoranda of understanding with LACMOA member agencies.

ALTERNATIVES CONSIDERED

LBT considered proposing an operating budget for FY 2021 to the agency's Board of Directors at its May 2020 meeting; however, the uncertainty of agency revenue projections due to the COVID-19 pandemic and any financial recovery trajectories present significant challenges in developing and presenting an FY 2021 operating budget for Board consideration.

BUDGETARY/FISCAL IMPACT

LBT will operate at \$27,855,752 million for quarter one of FY 2021 (July 2020 – September 2020), which is based upon an average of FY 2020 quarterly expenditures.



Kenneth A. McDonald
President and Chief Executive Officer

RESOLUTION OF LONG BEACH TRANSIT

Continuing Resolution for FY 2020 Budget through September 2020

WHEREAS, each fiscal year, Long Beach Transit is required to present a balanced budget to its Board of Directors for adoption as an operating budget is needed in order to manage the day-to-day operation of the agency; and

WHEREAS, on May 29, 2019, the Long Beach Transit Board of Directors approved the Fiscal Year (FY) 2020 operating budget in the amount \$106.44 million; and

WHEREAS, each fiscal year, the Long Beach Transit Board of Directors approves the Fiscal Year (FY) 2020 capital budget as a capital program is developed for long-term state of good repair and sustainability to ensure the continuation of high-quality service delivery to LBT's customers; and

WHEREAS, on May 29, 2019, the Long Beach Transit Board of Directors approved the Fiscal Year (FY) 2020 capital budget in the amount \$32.45 million; and

WHEREAS, on March 4, 2020, the Governor of California declared a State of Emergency due to the outbreak and spread of COVID-19; and

WHEREAS, on March 4, 2020, the Long Beach Health Officer issued a declaration of local health emergency and the Acting City Manager issued a proclamation of local emergency in the City of Long Beach, both of which were ratified by the Long Beach City Council on March 10, 2020; and

WHEREAS, on March 13, 2020, the President of the United States declared a national emergency; and

WHEREAS, on March 15, 2020, the Governor of California called for more stringent action due to the COVID-19 pandemic; the Long Beach Mayor followed suit and directed bars, taverns, restaurants and similar establishments to close; and

WHEREAS, Long Beach Transit is one of 16 municipal operators in Los Angeles County and is a member of the Los Angeles County Municipal Operators Association; and

WHEREAS, Los Angeles County Metropolitan Transportation Authority is chartered under state law as a Regional Transportation Planning Agency that programs transportation funding for the 88 cities and unincorporated areas in Los Angeles County; and

WHEREAS, on April 21, 2020, LBT received notification from the Los Angeles County Metropolitan Transportation Authority, in its capacity of the Regional Transportation Planning Agency, that it is unable to provide a clear financial picture for Los Angeles County Municipal Operators Association, because of uncertainty of revenue projections due to COVID-19; and

WHEREAS, Los Angeles County Metropolitan Transportation Authority is requesting its Board adopt, at its May 2020 meeting, a Continuing Resolution of its FY 2020 budget through September 2020; and

WHEREAS, Los Angeles County Metropolitan Transportation Authority Continuing Resolution will extend the FY 2020 budget spending levels through the first quarter of FY 2021 (July 2020 – September 2020), Los Angeles County Metropolitan Transportation Authority currently expects to fulfill the adopted FY 2020 transit funding allocations as specified in various memoranda of understanding; now

THEREFORE, BE IT RESOLVED, by the Long Beach Transit Board of Directors, that it hereby authorizes the President and CEO or his/her designee to extend the FY 2020 budget spending levels through the first quarter of FY 2021 (July 2020 – September 2020), estimated at \$27,855,752, allowing Long Beach Transit to legally encumber and expend funds in the absence of an adopted FY 2021 budget.

CERTIFICATION

The undersigned duly appointed Secretary/Treasurer of Long Beach Transit certifies that the foregoing is a true and correct copy of a resolution, adopted at a legally convened meeting of the Long Beach Transit Board of Directors held on May 28, 2020.

Adam Carrillo
Secretary/Treasurer, Board of Directors

Date