Regional Transit

STAFF REPORT

DATE: December 13, 2021

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: FIRST AMENDMENT TO THE FY 2022 OPERATING BUDGET

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The result of this action will increase the FY 2022 Operating Budget by $3,875,000.

FISCAL IMPACT

Revenues:
Total increase in anticipated revenues of $3,875,000. The FY 2022 Operating Revenue Budget increases consist of the following: $700,000 to include TK-12 RydeFreeRT contracted revenue, $49,730 to add Sacramento County contract for Elk Grove SmaRT Ride service, $2,998,161 to capture increases in sales tax receipts and Measure A tax collections, and $127,109 to realign federal stimulus revenue.

Expenses:
Total increase in anticipated expenses of $3,875,000. The FY 2022 Operating Budget will be increased by $1,600,000 to account for the Board approved changes to the security guards' contract with Blue Knight and the Sacramento Police Department (SacPD) officers' contract. It also will be increased by $775,000 for supplemental ADA transportation services, by $600,000 for increased Compressed Natural Gas (CNG) cost, and by $900,000 for increased gasoline cost.

DISCUSSION

The adopted FY 2022 Operating budget included total revenues and expenses of $214,287,233. Since the budget was adopted in June 2021, SacRT has seen a continued positive trend in sales tax based revenues, there have been several contract negotiations completed, and inflation has significantly affected fuel prices, both CNG and gasoline.

The details of Operating Revenue adjustments are outlined in the Table 1 below.

FY 2022 Operating Budget Amendment #1

Table 1

Categories	Current FY 2022 Budget	FY 2022 Budget with Amendment	$ Change	% Change
Operating Revenues				
Fare Revenue	$ 11,847,000	$ 12,547,000	$ 700,000	5.9%
Contracted Services	600,000	649,730	49,730	8.3%
Other	5,540,000	5,540,000	-	0.0%
State & Local	124,094,885	127,093,046	2,998,161	2.4%
Measure A - RT General	*51,636,000*	*54,036,000*	*2,400,000*	4.6%
Measure A - Neighborhood Shuttle	*5,040,000*	*5,739,689*	*699,689*	13.9%
Local Transp Funds (LTF)	*60,528,418*	*60,528,418*	-	0.0%
State Transit Assistance	*101,528*	-	*(101,528)*	NA
LCTOP	*2,341,900*	*2,341,900*	-	NA
Measure A - SacRT GO	*4,447,039*	*4,447,039*	-	0.0%
Federal	72,205,348	72,332,457	127,109	0.2%
JARC	*1,106,565*	*1,106,565*	-	0.0%
CMAQ UCD	*710,000*	*710,000*	-	0.0%
5307 PM RT	*1,395,459*	-	*(1,395,459)*	-100.0%
CRRSAA Funds	*37,854,695*	*32,869,458*	*(4,985,237)*	NA
CARES Act	*31,138,629*	*37,646,434*	*6,507,805*	20.9%
Total Operating Revenue	**$ 214,287,233**	**$ 218,162,233**	**$ 3,875,000**	**1.8%**

The increase in fare revenue is attributable to an increase of $700,000 from the agreement executed with the City of Sacramento, to continue funding the RydeFreeRT program in September 2021. The contracted services increase of $49,730 is additional funding from the County of Sacramento to partially fund the Elk Grove SmaRT Ride zone. The increase of $2,900,000 in State & Local revenue is primarily attributable to the continued increase in Measure A sales tax revenue collections.

The net increase of $127,000 in federal revenues is needed to fund the remaining increase in expenses.

The details of Operating expense adjustments are outlined below.

The current budget for security services needs to be increased by $1,200,000 to include the higher cost for the new security guard contract. While the current contract continues until June 30, 2022, Staff opted to proactively seek a new vendor, with the intent to terminate the existing contract when the new contract is executed. An additional $400,000 is needed to pay for wage adjustments for SacPD Officers agreed to in the new contract executed in September 2021.

The current budget includes $200,000 for supplemental ADA transportation services. The new contract, that is under development, will require an additional $775,000 for FY 2022.

This amount will grow in future years as complementary ADA paratransit service demands continues to increase.

The adopted FY 2022 Operating budget for CNG and gasoline was based on the three-year spending trend adjusted for usage. The current budget did not account for the unforeseen inflation and increase in fuel pricing. Therefore, there is a request for additional funding of $1,500,000 to cover potential increases in CNG and gasoline costs.

Table 2 below summarizes the budget amendment and the restructuring of the operating revenues.

FY 2022 First Amendment Operating Revenues and Expense Summary
Table #2

Categories	FY 2022 Adopted Budget	FY 2022 Budget Amendment #1	$ Changes	% Changes	Comments
Operating Revenues					
Fare Revenue	$ 11,847,000	$ 12,547,000	$ 700,000	5.9%	Update Tk-12 RydeFree RT contracted revenue
Contracted Services	600,000	649,730	$ 49,730	8.3%	County payment for EG SmaRT Ride
Other	5,540,000	5,540,000	$ -	0.0%	
State & Local	124,094,885	127,093,046	$ 2,998,161	2.4%	Increase Measure A
Federal	72,205,348	72,332,457	$ 127,109	0.2%	Realign federal stimulus revenue
Total Operating Revenue	**$ 214,287,233**	**$ 218,162,233**	**$ 3,875,000**	**1.8%**	
Operating Expenses					
Salaries & Benefits	$ 152,505,536	$ 152,505,536	$ -	0.0%	
Professional Services	18,954,051	21,329,051	$ 2,375,000	12.5%	$1.6M for Security Services, $0.8M for ADA purch transp.
Materials & Supplies	13,303,750	14,803,750	$ 1,500,000	11.3%	$0.6M to CNG, $0.9M to Gasoline.
Utilities	8,018,000	8,018,000	$ -	0.0%	
Casualty & Liability	17,036,033	17,036,033	$ -	0.0%	
Other	4,469,863	4,469,863	$ -	0.0%	
Total Operating Expenses	**$ 214,287,233**	**$ 218,162,233**	**$ 3,875,000**	**1.8%**	
Balance	**$ -**	**$ -**	**$ -**		

Staff is seeking Board approval of the budget adjustments mentioned which would increase the FY 2022 Operating Budget by $3,875,000.

RESOLUTION NO. 21-12-0127

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 13, 2021

FIRST AMENDMENT TO THE FY 2022 OPERATING BUDGET

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the first amendment to the FY2021-22 Operating Budget is hereby approved.

THAT, the Board hereby authorizes the General Manager/CEO or his designee to restructure the budgeted operating revenues for Fiscal Year 2022 consistent with the requirements contained in Governmental Accounting Standards Board (GASB) Statement 95.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary