

REGIONAL TRANSIT ISSUE PAPER

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Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	02/25/19	Open	Action	02/20/19

Subject: FY 2019 Review and Amending the FY 2019 Operating Budget

ISSUE

Whether or not to amend the Fiscal Year (FY) 2019 Operating Budget.

RECOMMENDED ACTION

Adopt Resolution No. 19-02-____, Approving Amendments to the FY 2019 Operating Budget.

FISCAL IMPACT

The proposed budget includes numerous adjustments to revenues and expenses. The combined *net effect* of all changes to the FY 2019 Operating Budget is an increase of \$6.7 million in revenues and \$6.7 million in expenses. It includes budgeting \$3.5 million for the Budget Stabilization account, which is necessary to ensure SacRT is structurally ready to absorb the FY 2020 bond payment.

DISCUSSION

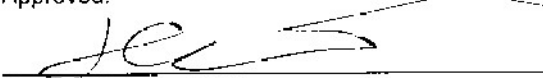
The purpose of this Issue Paper is to recommend specific amendments to FY 2019 Operating Budget.

Background:

On June 11, 2018, the Board adopted the FY 2019 Operating Budget of \$169 million in revenues and \$169 million in expenses. The adopted budget incorporated all known revenues and estimates of expenditures at that time.

Effective January 1, 2019, the City of Folsom and City of Citrus Heights annexed the SacRT. The adopted FY 2019 Operating Budget is proposed to be updated to reflect this change as well as other adjustments to revenues and expenses. Based on current information available, the proposed changes in revenue and expense categories for FY 2019 Operating Budget are as follows:

Approved:


General Manager/CEO

Presented:


Director, Office of Management & Budget

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PROPOSED FY 2019 OPERATING BUDGET AMENDMENTS

Table 1 below summarizes the proposed FY 2019 budget amendments:

Table 1
Sacramento Regional Transit District
Schedule of Proposed Changes

Categories	FY 2018 Actuals	FY 2019 Adopted Budget	FY 2019 Amended Budget	\$ Change FY 2019 Amended to Adopted	% Change FY 2019 Amended to Adopted
Operating Revenues					
Fare Revenue	\$ 27,276,231	\$ 27,941,750	\$ 25,946,344	\$ (1,995,406)	7.1%
Contracted Services	6,420,062	6,379,456	3,830,066	(2,549,390)	-40.0%
Other	5,006,280	4,228,000	5,778,000	1,550,000	36.7%
State & Local	93,339,133	98,161,278	104,104,789	5,943,511	6.1%
Federal	37,059,773	32,306,519	36,085,040	3,778,521	11.7%
Total Operating Revenue	\$ 169,101,479	\$ 169,017,003	\$ 175,744,240	\$ 6,727,237	4.0%
Operating Expenses					
Salaries & Benefits	\$ 109,150,499	\$ 114,449,254	\$ 117,904,513	\$ 3,455,259	3.0%
Professional Services	22,331,018	24,110,253	24,286,629	175,376	0.7%
Materials & Supplies	9,308,799	10,346,924	10,391,259	44,335	0.4%
Utilities	6,994,536	7,028,725	7,028,725	-	0.0%
Casualty & Liability	9,299,744	9,182,927	9,231,194	48,267	0.5%
Other	2,844,876	3,898,920	6,901,920	3,003,000	77.0%
Total Operating Expenses	\$ 159,929,472	\$ 169,017,003	\$ 175,744,240	\$ 6,727,237	4.0%
Balance	\$ 9,172,007	\$ -	0	\$ 0	

Amendments to Revenues

The most significant impacts on SacRT's revenues are noted below.

Fare Revenue: Reduction of \$2.0 million due to the following:

- For the first time in its history, effective October 2018, SacRT reduced fares. This is expected to cause a short-term reduction in fare revenues until the anticipated increase in ridership materializes.
- Upcoming ticket exchange program for tickets with expiration date of June 30, 2019.
- Ridership decline in the first half of the fiscal year due to trend and fires.

Contracted Services: Reduction of \$2.5 million due to the following:

- Decrease in contracted services due to the annexation agreements with City of Folsom and City of Citrus Heights. The decreased revenues will be offset with increased State and Local Transportation Development Act (TDA) revenue (see below).

Other Revenue: Increase of \$1.6 million due to the following:

- Two claim payouts were received for last year's Folsom accident and the BP settlement.

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- Increased sales of Low Carbon Fuel Standard (LCFS) credits and Renewable Identification Numbers (RIN) credits.
- Increases to the amount of the Environmental Council of Sacramento (ECOS) settlement revenue for Folsom late night service to reflect the current billing methodology.
- Decreases due to Park-n-Ride lot fee elimination.

State & Local: Increase of \$5.9 million due to the following:

- Changes in the State Transit Assistance (STA) revenue allocation released by Sacramento Area Council of Governments (SACOG) in November.
- Six months of TDA revenue for Cities of Folsom and Citrus Heights due to the annexation agreements.
- Measure A Neighborhood Shuttle revenue decreases (which are offset by lower operating expenses) due to changes in the implementation schedule of the Microtransit service.

Federal: Increase of \$3.8 million due to the following:

- Anticipated allocation of Federal Section 5307 and 5337 revenue.
- Additional Sacramento Emergency Clean Air & Transportation Grant Program (SECAT) funds.

Amendments to Expenditures

Salaries & Benefits: Increase of \$3.5 million due to the following:

- The addition of positions for Folsom service.
- The addition of positions for Elk Grove service to ensure a successful implementation.
- Temporary services for SacRT Forward implementation.
- Aligning overtime cost with the trend.

Professional Services: Increase of \$176,000 due to the following:

- Folsom in-kind service cost per the annexation agreement.
- Citrus Heights administrative cost per the annexation agreement. These administrative costs used to be deducted from the contract revenues before annexation, but now that we will be receiving Citrus Heights' TDA funds directly, these will show up as a cost for a minimal fiscal impact.

Materials & Supplies: Increase of \$44 thousand due to the following:

- Costs related to Folsom annexation.
- Reduction in costs due to change in Microtransit service implementation.

Casualty & Liability: Increase of \$48 thousand due to the following:

- Costs related to Folsom annexation.

Other Expenses: Increase of \$3.0 million due to the following:

- Increase of \$3.5 million in the Budget Stabilization account
- Decrease of \$0.5 million in contingency.

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Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	02/25/19	Open	Action	02/20/19

Subject: FY 2019 Review and Amending the FY 2019 Operating Budget

Board Action

Staff recommends that the Board adopts of the proposed amendments to the FY 2019 Operating Budget.

RESOLUTION NO. 19-02- 0017

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

February 25, 2019

APPROVING AMENDMENTS TO THE FY 2019 OPERATING BUDGET

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

THAT, the FY 2019 Operating Budget is hereby amended by making the following changes to it:

- Net increase of \$6,727,237 to Revenues - decrease of \$1,995,406 to Fare Revenue; decrease of \$2,549,390 to Contracted Services; increase of \$1,550,000 in Other revenue; an increase of \$5,943,511 of State & Local revenue; and an increase of \$3,778,521 in Federal Revenue.
- Net increase of \$6,727,237 to expenses – increase of \$3,455,259 in Salaries & Benefits, increase of \$175,376 in Professional Services; increase of \$44,335 in Materials & Supplies; increase of \$48,267 in Casualty & Liability; and an increase of \$3,003,000 in Other expenses.


PATRICK KENNEDY, Chair

ATTEST:

HENRY LI, Secretary

By: 
Cindy Brooks, Assistant Secretary

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	06/10/19	Open	Action	06/03/19

Subject: Approving the Second Amendment to the Fiscal Year 2019 Operating Budget and the Seventh Amendment to the FY 2019 Capital Budget

ISSUE

Whether or not to approve the Second Amendment to the Fiscal Year (FY) 2019 Operating Budget and the Seventh Amendment to the FY 2019 Capital Budget.

RECOMMENDED ACTION

- A. Adopt Resolution No. 19-06-____, Approving the Second Amendment to the Fiscal Year 2019 Operating Budget;
- B. Adopt Resolution No. 19-06-____, Approving the Seventh Amendment to the Fiscal Year 2019 Capital Budget; and
- C. Motion: Accept Notification of General Manager (GM)-Authorized Adjustments Made to FY 2019 Capital Budget During Fiscal Year 2019.

FISCAL IMPACT

Fiscal Year (FY) 2019 Operating Budget Impact

Amendment 2 will result in a reduction of \$1.5 million to the total FY 2019 Operating Budget. The changes to operating budget categories are as follows:

Revenues:

- Increase the Federal Transit Administration (FTA) Section 5307 Urbanized Area revenues by \$405,431.
- Decrease the FTA Section 5337 State of Good Repair revenues by \$740,230.
- Decrease the Measure A Neighborhood Shuttle revenues by \$542,861.
- Increase the Local Transportation Fund (LTF) revenues by \$1,638,236.
- Decrease the Fare Revenue account by \$760,576 to reflect the reduction of revenues from making the recent fare reductions permanent and other small fare initiatives.
- Decrease the State Transit Assistance (STA) revenues by \$1,500,00 so that funds can be moved to the FY 2019 Capital Budget for capital projects.

Expenses:

- Decrease in Budget Stabilization account by \$1,500,000.

Approved:



General Manager/CEO

Presented:



Director, Office of Management & Budget

REGIONAL TRANSIT ISSUE PAPER

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14	06/10/19	Open	Action	06/03/19

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Fiscal Year (FY) 2019 Capital Budget Impact

This action results in no net impact to the FY 2019 Capital Budget.

Revenues:

- Increase in FY 2019 STA funding of \$1,500,00 for capital projects (transferred from the Operating Budget).
- Decrease in anticipated future tax revenues of \$1,500,000 for capital projects, to reflect decrease in STA funds in Governor's May Budget Revision.

Expenses:

- No change to capital expenses as a result of Amendment 7.
- Any impacts to the FY 2019 Capital Budget that were the result of GM-authorized adjustments have already taken place. This item simply fulfills the requirement to notify the Board of adjustments to the Capital Budget under the GM's authority.

DISCUSSION

SacRT's annual budgeting process includes Board adoption of budgets that reflect SacRT's expected funding at the time of preparation. Periodically, changes to funding sources or amounts require revisions to the budget. Staff has identified necessary revisions to the Operating and Capital Budgets due to recent appropriations activity at the federal level and actual sales tax revenues collected at the state and local level.

Second Amendment to FY 2019 Operating Budget

On February 25, 2019, SacRT's Board approved the 1st Amendment to the FY 2019 Operating Budget, which included the following revenues:

- \$20,721,754 in FTA Section 5307 Urbanized Area;
- \$13,804,359 in FTA Section 5337 State of Good Repair funds;
- \$1,670,216 in Measure A Neighborhood Shuttle funds;
- \$8,736,617 in STA funds;
- \$45,208,909 in LTF funds; and \$25,946,343 in Fare Revenue.

These revenue estimates were based on information available at the time. In March of 2019, FTA released the full year FY 2019 apportionments, which reflected a small increase in funding for the Section 5307 Urbanized Area formula program, and a decrease in funding for the Section 5337 formula program. In addition, in March the Sacramento Area Council of Governments (SACOG) revised the FY 2019 LTF apportionment to reflect both higher than anticipated sales tax revenues collected in FY 2018 and the higher than earlier projected sales tax trend for the current year. Measure A Neighborhood Shuttle revenues are being adjusted downward to reflect a more accurate schedule for the implementation of Neighborhood Shuttle services.

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This amendment also transfers \$1,500,000 of STA funds to the capital budget to cover capital project costs and reduces the Operating Budget Stabilization account by a corresponding \$1,500,000 to balance the budget.

Table below shows the changes to FY 2019 Operating Revenues and Operating Expenses by category.

Categories	FY 2019 Adopted Budget	FY 2019 Budget Amendment #1	FY 2019 Budget Amendment #2	\$ Changes	% Changes
Operating Revenues					
Fare Revenue	\$ 27,941,750	\$ 25,946,343	\$ 25,185,767	\$ (760,576)	-2.9%
Contracted Services	6,379,456	3,830,066	3,830,066	-	0.0%
Other	4,228,000	5,778,000	5,778,000	-	0.0%
State & Local	98,161,278	104,104,791	103,700,166	(404,625)	-0.4%
Federal	32,306,519	36,085,040	35,750,241	(334,799)	-0.9%
Total Operating Revenue	\$169,017,003	\$ 175,744,240	\$ 174,244,240	\$(1,500,000)	-0.9%
Operating Expenses					
Salaries & Benefits	\$114,449,254	\$ 117,904,513	\$ 117,904,513	\$ -	0.0%
Professional Services	23,990,253	24,286,629	24,286,629	-	0.0%
Materials & Supplies	10,346,924	10,391,259	10,391,259	-	0.0%
Utilities	7,028,725	7,028,725	7,028,725	-	0.0%
Casualty & Liability	9,182,927	9,231,194	9,231,194	-	0.0%
Other	4,018,920	6,901,920	5,401,920	(1,500,000)	-21.7%
Total Operating Expenses	\$169,017,003	\$ 175,744,240	\$ 174,244,240	\$(1,500,000)	-0.9%
Balance	\$ -	-	-	\$ -	

Staff recommends adjusting funding to the levels shown in the table below.

Categories	Current FY 2019 Budget	FY 2019 Budget with Amendment	\$ Change	% Change
Operating Revenues				
Fare Revenue	\$ 25,946,343	\$ 25,185,767	\$ (760,576)	-2.9%
Contracted Services	3,830,066	3,830,066	-	0.0%
Other	5,778,000	5,778,000	-	0.0%
State & Local	104,104,791	103,700,166	(404,625)	-0.4%
<i>Measure A - RT General</i>	43,824,000	43,824,000	-	0.0%
<i>Measure A - Neighborhood Shuttle</i>	1,670,216	1,127,355	(542,861)	-32.5%
<i>Local Transp Funds (LTF)</i>	41,950,484	43,470,645	1,520,161	3.6%
<i>LTF Folsom</i>	1,545,674	1,601,685	56,011	3.6%
<i>LTF Citrus Heights</i>	1,712,751	1,774,816	62,065	3.6%
<i>State Transit Assistance (STA & SB1)</i>	8,736,617	7,236,617	(1,500,000)	NA
<i>STA - SGR</i>	2,428,016	2,428,016	-	NA
<i>LCTOP</i>	2,237,033	2,237,033	-	0.0%
Federal	36,085,040	35,750,241	(334,799)	-0.9%
<i>JARC</i>	1,053,871	1,053,871	-	0.0%
<i>5337 SGR</i>	13,804,359	13,064,129	(740,230)	-5.4%
<i>5307 PM RT</i>	20,721,754	20,966,609	244,855	1.2%
<i>5307 PM Folsom</i>	-	160,576	160,576	NA
<i>SECAT</i>	505,056	505,056	-	0.0%
Total Operating Revenue	\$175,744,240	\$174,244,240	\$(1,500,000)	-0.9%

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Seventh Amendment to FY 2019 Capital Budget

This amendment transfers \$1,500,000 of FY 2019 STA funds to the capital budget from the operating budget. However, there is no net change in the capital budget because, consistent with the Governor's May Budget Revision, staff anticipates a corresponding \$1,500,000 decrease in future STA revenues. This \$1,500,000 transfer from the operating budget backfills commitments on previously budgeted capital projects.

Adjustments to the FY 2019 Capital Budget

Pursuant to Section 6.2.1.3 of Title VI of SacRT's Administrative Code, with this Issue Paper, SacRT staff is reporting prior GM-authorized adjustments that have been made to the FY 2019 Capital Budget, as detailed in Attachment 1 – Summary of GM-Authorized Adjustments to FY 2019 Capital Budget.

Staff recommends the Board approve the Second Amendment to the FY 2019 Operating Budget and the Seventh Amendment to the FY 2019 Capital Budget, and accept Notification of GM-Authorized Adjustments to FY 2019 Capital Budget.

Attachment 1 - Summary of GM-Authorized Adjustments to FY 2019 Capital Budget
 Consistent with Section 6.2.1.3 of the SacRT Administrative Code related to Budget Procedures

ID	Project Name	Administrative Adjustment			FY19 Budget with Admin Adjustment
		FY19 Budget without Admin Adjustment	Amount	Percent	
Increase to FY19 Budget Amount					
F019	Instrument House and Signal Case Wraps	237,626	23,762	10%	261,388
B161	Expansion Services Startup Costs	1,090,000	20,000	2%	1,110,000
F025	Office Relocation: Bell Building to 1225 R Street	419,467	33,206	8%	452,673
R347	Watt I-80 Elevator Replacement	900,000	90,000	10%	990,000
B142	Neighborhood Ride Vehicle Replacements	2,807,302	6,901	0%	2,814,203
Increase to FY19 Budget Amount due to Accrual of Interest on State Grant Funds					
T025	Surveillance and Security Facilities Enhancement	255,889	10,238	4%	266,127
H021	Enhancement of Emergency Power Generation	576,914	3,482	1%	580,396
T022	Handheld Smart Card Reader	117,678	1,048	1%	118,726
T018	Building Access System Upgrade	143,441	1,463	1%	144,904
T051	Telephone System Replacement	307,568	11,879	4%	319,447
T054	Security, Systems & Comm Infr. Upgrade	413,827	4,073	1%	417,900
M009	Radio Communications System Upgrade	2,098,951	44,172	2%	2,143,123
T036	Facilities Safety, Security & Comm. Infr. Upgrades	390,763	5,917	2%	396,680
T052	Track Warrant Controlled Access System	188,873	6,295	3%	195,168
FY19 Budget amount split out from project and/or moved onto another project					
B165	Electric Bus Charging Infrastructure	1,550,110	1,283,940		2,834,050
B158	Franklin Blvd Microtransit 3 Charging Stations	15,900	(15,900)		0
B160	Microtransit - Infrastructure for 10 charging stations	1,054,440	(1,054,440)	0%	0
B163	UC Davis/Med Center ZFB Electric Charging Infrastructure	213,600	(213,600)		0
F021	Facilities Maintenance & Improvements	707,379	(200,000)		507,379
F030	Admin Building Lobby Remodel	0	200,000	0%	200,000
Budget Carryforward Adjustments Resulted in an Addition or Deletion of Project to FY19 Capital Budget					
230	Northeast Corridor Enhancements (Phase 1)				
A005	City College Pedestrian/Bicycle Crossing				
A008	Regional Bike Share System				
A012	65th St. / Jackson Properties Oversight				
F015	Mini-High Shelter Improvements: 65th / Marconi				
F027	Metro Roof Replacement				
Q023	Paratransit Inc. Replacement Vehicles				
Q027	Paratransit Inc. Transit Asset Management				
Q040	Paratransit Inc. - Mobile Data Computers				
Q049	El Dorado Transit Bus Replacement				
Q050	FY 2016 Section 5339 Paratransit Inc. - Bus Purchase				
R175	Watt / I-80 Station Improvements				
R313	Mini-High Shelter Improvements: 29th Street				
R341	Fare Vending Machines				
T008	Completion Fiber Optics Communications Backbone				
T013	SacRT - Staff Security Training - Overtime/Backfill				
T027	Video Surveillance System Upgrades				
4005	Butterfield/Mather Mills LR Station Rehabilitation				
T053	Connect Card Initial Project Launch				
G135	Server Replacement				
404	Green Line to the River District (GL-1)				
A019	Camollia City Viaduct Overhead Structures				
A001	Watt Avenue / Highway 50 Project Support				
B150	Watt I-80 Station Improvements				

Project Deleted from FY19 Budget due to decrease in Carryforward Amount at end of FY18 (Carryforward = \$0)

Project Added to FY19 Capital Budget due to increase in Carryforward Amount at end of FY18 (Carryforward >\$0)

RESOLUTION NO. 19-06- 0069

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

June 10, 2019

**APPROVING THE SEVENTH AMENDMENT TO THE FISCAL YEAR 2019
CAPITAL BUDGET**


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

THAT, the Seventh Amendment to the Fiscal Year 2019 Capital Budget to increase the FY 2019 STA revenues by \$1,500,000, and decrease future anticipated tax revenues by \$1,500,000, for a net zero change to the Capital Budget, is hereby approved.


PATRICK KENNEDY, Chair

ATTEST:

HENRY LI, Secretary

By: 
Cindy Brooks, Assistant Secretary