

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	08/24/09	Open	Action	08/10/09

Subject: Approving Amendments to the Fiscal Year 2010 Operating and Capital Budgets

ISSUE

Whether or not to approve amendments to the Fiscal Year 2010 Operating and Capital Budgets..

RECOMMENDED ACTION

Adopt Resolution No. 09-08-_____, Approving Amendments to the Fiscal Year 2010 Operating and Capital Budgets.

FISCAL IMPACT

The proposed budget increases Fiscal Year 2010 operating revenues by \$1,526,262, increases operating expenses by \$526,262 and eliminates the need for \$1.0 million in planned January 2010 service cuts included in the FY 2010 Adopted Budget. In addition the proposed budget decreases the Fiscal Year 2010 capital revenues by \$1,683,618.

DISCUSSION

The purpose of this Issue Paper and associated staff presentation is: 1) to recommend specific amendments to RT's FY 2010 Operating Budget; and, 2) to highlight major impacts to RT resulting from the downward turn in local and State revenues projected over the current and next several years.

BACKGROUND

On June 22, 2009, the Board adopted the Fiscal Year 2010 Budget, which included an Operating Budget of \$139.3 million and Capital Budget of \$117.1 million.

On July 27, 2009, staff presented an informational summary to the Board reflecting all known and variable factors that will change the FY 2010 Operating Budget, including reductions in local revenue sources along with other adjustments to the budget, which showed a potential shortfall in the FY 2010 Operating Budget of \$2.4 million.

Approved:


General Manager/CEO

Presented:


Chief Financial Officer

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	08/24/09	Open	Action	08/10/09

Subject: Approving Amendments to the Fiscal Year 2010 Operating and Capital Budgets

Staff continued to work on balancing the budget with cost reductions and revenue enhancements. There have been some minor revisions to the numbers since the July 27th Board meeting. However, one large positive change is an increase in RT's estimated carryover by \$2.1 million due to receipt last week of the Fiscal Year 2009 year-end actuary report for the Workers Compensation and Property Liability/Property Damage coverages, which reduced FY 2009 operating expenses by \$2.1 million. With this year-end adjustment and other small adjustments, staff is able to re-balance the FY 2010 Operating Budget without any service reductions.

Economic Conditions and Re-Balancing Strategies

As previously reported, RT's overall revenue environment continued to shift during FY 2008 and FY 2009 and continues to decline further in FY 2010. While Federal funding is currently expected to remain constant in the near term, Local and State transportation funds – Measure A revenue and Local Transportation Funds (LTF) respectively – are expected to significantly decline due to the worsening economy. These funding sources are critical to RT because they are “flexible dollars”. Flexible dollars can be used at the discretion of the Board to fund operating budgets, capital budgets, or both. Today, approximately 40.0% of RT's revised FY 2010 Operating Budget is derived from these Local and State revenue sources.

Since the FY 2010 Operating Budget was adopted on June 22, 2009, RT was notified that the Sacramento Transportation Authority (STA) will reduce the FY 2010 sales tax-based Measure A projection by approximately 3%. This will reduce expected RT revenue from this source by \$776,712. In addition, SACOG staff has advised there will be a further reduction in RT's LTF allocation of \$1,544,328, also due to the decline in expected sales tax revenue.

Partially offsetting this reduction in revenue is the recent federal authorization to convert 10% of the stimulus funding to operating revenue. In meetings with SACOG it was determined that a regional 10% would equal to \$3.1 million. Other local transit agencies with approved stimulus projects advised SACOG of the amount each would transfer, up to 10% of their individual stimulus project total. Those amounts were deducted from the regional total, leaving \$2.8 million remaining that could be claimed by RT. Due to service reductions that reduce maintenance costs for RT, SACOG strongly advised RT that the \$14 million in claimed preventative maintenance funds might not be supportable. It was determined that, to preserve RT's ability to claim the full PM costs, a minimum of \$1.2 million should be converted from PM to operations on the stimulus funding grant. Unfortunately, the \$1.2 million will not be realized as additional operating revenue since the PM funding was already designated as operating support. However, the remaining \$1.6 million of the regional 10% can be deducted from RT's UTDC retrofit project, for which \$8.2 million in stimulus funding was awarded. Authorization to transfer these funds between the FY 2010 Capital and FY 2010 Operating Budgets is included in this issue paper.

This transfer, along with the \$2.1 million positive increase in the estimated carryover amount for FY 2009 actuary report for the Workers Compensation and Property Liability/Property Damage coverages and other small adjustments, enables staff to re-balance the FY 2010 budget without any additional service reductions.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	08/24/09	Open	Action	08/10/09

Subject: Approving Amendments to the Fiscal Year 2010 Operating and Capital Budgets

Proposed Operating Budget Amendments

Staff proposes the following adjustments to the Fiscal Year 2010 Operating Budget:

**Table 1
Sacramento Regional Transit District
FY 2010 Revised Budget Comparison**

Categories	FY 2010 Adopted 06-22-09	FY 2010 Revised 08-24-09	FY 2010 \$ Changes	FY 2010 % Changes
<u>Operating Revenue</u>				
Fare Revenue	\$ 41,000,448	\$ 41,000,448	\$ -	0.0%
Contracted Services ¹	4,129,623	3,772,544	(357,079)	-8.6%
State & Local ²	58,721,004	56,399,964	(2,321,040)	-4.0%
Federal ³	30,031,957	31,715,575	1,683,618	5.6%
Other ⁴	5,395,792	7,916,555	2,520,763	46.7%
Total Operating Revenue	\$ 139,278,824	\$ 140,805,086	\$ 1,526,262	1.1%
<u>Operating Expenses</u>				
Salaries & Benefits ⁵	\$ 89,083,251	\$ 89,865,860	\$ 782,609	0.9%
Professional Services ⁶	23,554,253	23,378,253	(176,000)	-0.7%
Materials & Supplies ⁷	9,195,072	9,161,625	(33,447)	-0.4%
Utilities	5,574,200	5,574,200	-	0.0%
Casualty & Liability	10,363,118	10,363,118	-	0.0%
Other ⁸	2,508,930	2,462,030	(46,900)	-1.9%
Total Operating Expenses	\$ 140,278,824	\$ 140,805,086	\$ 526,262	0.4%
January Service Cuts ⁹	\$ (1,000,000)	\$ -	\$ 1,000,000	-100.0%
Total	\$ 139,278,824	\$ 140,805,086	\$ 1,526,262	1.1%

1. Net decrease of \$357,079 in contract services due to reduction in LTF apportionment for the City of Citrus Heights.
2. Net decrease of \$2,321,040 in State & Local revenue due to reduction in the Measure A projection by the STA in the amount of \$776,712 and a decrease in the LTF projection by SACOG in the amount of \$1,544,328.
3. Net increase of \$1,683,618 in Federal revenue due to increase in stimulus funding for the operating fund.
4. Net increase of \$2,520,763 in Other revenue due to increase of \$750,000 in CNG tax rebate for the second half of Fiscal Year 2010 based on anticipated continuation of the program and an increase in the estimated carryover of \$1,770,763. The carryover increased due to the favorable Workers Compensation and Property Liability/Property Damage year-end adjustment in the amount of

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	08/24/09	Open	Action	08/10/09

Subject: Approving Amendments to the Fiscal Year 2010 Operating and Capital Budgets

\$2,143,638 based of actuary reports, revenue in the amount of \$127,125 received from SACOG for Google trip planning services for the FY 2009 and a decrease of (\$500,000) in estimated indirect cost transfers to capital projects for FY 2009.

5. Net increase of \$782,609 in Salary & Benefits due to increase in pension/OPEB rates, change in vacancy rates for certain positions, and update for salaries that were below newly established salary survey ranges.
6. Net decrease of \$176,000 in professional services due to additional cuts in consultants and outside services and reduction to Paratransit contract.
7. Net decrease of \$33,447 in Materials and Supplies due to additional cuts in the printing materials, office and facility supplies.
8. Net decrease of \$46,900 in Other expenses due to additional cuts in travel expenses, Awards and Ceremonies and Employee Assistance Program.
9. Net increase of \$1,000,000 in operating cost due to elimination of the planned service cuts in January 2010 as part of the re-balancing.

Proposed Capital Budget Amendments

The FY 2010 Capital Budget included \$8,240,000 in Federal stimulus funding for the UTDC Light Rail Vehicle Acquisition & Retrofit project - Project Number 4027. As discussed above, \$1,683,618 is being deducted from the UTDC retrofit project. Exhibit A has been revised to reduce funding for this project.

Staff recommends adoption of the proposed revisions to the FY 2010 Operating Budget and Capital Budgets, which are also reflected in total in Exhibit A to the resolution.

RESOLUTION NO. 09-08-_____

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

AUGUST 24, 2009

**APPROVING AMENDMENTS TO THE FISCAL YEAR 2010 OPERATING AND
CAPITAL BUDGETS**

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

THAT, the Fiscal Year 2010 Operating Budget is hereby amended by making the
following changes:

- Net Increase of \$1,526,262 to Revenues – decrease of \$357,079 to Contracted Services Revenue; decrease of \$2,321,040 to State and Local Revenues; increase of \$1,683,618 to Federal Revenue; and an increase of \$2,520,763 to Other Revenues.
- Net Increase of \$526,262 to Expenses – increase of \$782,609 to Labor & Benefits; decrease of \$176,000 to Professional Services; decrease of \$33,447 to Materials and Supplies; and a decrease of \$46,900 to Other Expenses. In addition, the Elimination of the \$1.0 million January Service Cuts planned for January 2010 which were included in the FY 2010 Adopted Budget.

THAT, the Fiscal Year 2010 Capital Budget is hereby amended by making the
following change:

- Net Decrease of \$1,683,618 to FY 2010 Funding - decrease of \$1,683,618 for the UTDC Light Rail Vehicle Acquisition & Retrofit – project number 4027.

STEVE COHN, Chair

ATTEST:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

Exhibit A



Sacramento Regional Transit District

**Abridged Proposed Budget
Fiscal Year 2009-2010**

Table of Contents

Board of Directors	3
Executive Team	4
Organizational Structure	5
District Overview	
District Profile	6
Strategic Plan	7
Budget Process	9
Voting System	10
Operating Budget Summary	
Revenues	12
Expenses	15
Positions	18
Capital Improvement Plan	19
Capital Improvements By Category	20
Capital Improvement Funding Additions	21
Capital Project Expenditure Plan	22

Board of Directors

Steve Cohn, Chair
City of Sacramento

Steve Miller, Vice Chair
City of Citrus Heights

Roger Dickinson
County of Sacramento

Lauren Hammond
City of Sacramento

Pat Hume
City of Elk Grove

Roberta MacGlashan
County of Sacramento

Andy Morin
City of Folsom

Don Nottoli
County of Sacramento

Bonnie Pannell
City of Sacramento

David Sander, Ph.D.
City of Rancho Cordova

Ray Tretheway
City of Sacramento

Board of Directors Alternates

Steve Detrick
City of Elk Grove

Jeff Slowey
City of Citrus Heights

Robert McGarvey
City of Rancho Cordova

RESOLUTION NO. 09-08-_____

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

AUGUST 24, 2009

**APPROVING AMENDMENTS TO THE FISCAL YEAR 2010 OPERATING AND
CAPITAL BUDGETS**

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

THAT, the Fiscal Year 2010 Operating Budget is hereby amended by making the
following changes:

- Net Increase of \$1,526,262 to Revenues – decrease of \$357,079 to Contracted Services Revenue; decrease of \$2,321,040 to State and Local Revenues; increase of \$1,683,618 to Federal Revenue; and an increase of \$2,520,763 to Other Revenues.
- Net Increase of \$526,262 to Expenses – increase of \$782,609 to Labor & Benefits; decrease of \$176,000 to Professional Services; decrease of \$33,447 to Materials and Supplies; and a decrease of \$46,900 to Other Expenses. In addition, the Elimination of the \$1.0 million January Service Cuts planned for January 2010 which were included in the FY 2010 Adopted Budget.

THAT, the Fiscal Year 2010 Capital Budget is hereby amended by making the
following change:

- Net Decrease of \$1,683,618 to FY 2010 Funding - decrease of \$1,683,618 for the UTDC Light Rail Vehicle Acquisition & Retrofit – project number 4027.

STEVE COHN, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary



Sacramento Regional Transit District

**Abridged Proposed Budget
Fiscal Year 2009-2010**

Table of Contents

Board of Directors	3
Executive Team	4
Organizational Structure	5
District Overview	
District Profile	6
Strategic Plan	7
Budget Process	9
Voting System	10
Operating Budget Summary	
Revenues	12
Expenses	15
Positions	18
Capital Improvement Plan	19
Capital Improvements By Category	20
Capital Improvement Funding Additions	21
Capital Project Expenditure Plan	22

Board of Directors

Steve Cohn, Chair
City of Sacramento

Steve Miller, Vice Chair
City of Citrus Heights

Roger Dickinson
County of Sacramento

Lauren Hammond
City of Sacramento

Pat Hume
City of Elk Grove

Roberta MacGlashan
County of Sacramento

Andy Morin
City of Folsom

Don Nottoli
County of Sacramento

Bonnie Pannell
City of Sacramento

David Sander, Ph.D.
City of Rancho Cordova

Ray Tretheway
City of Sacramento

Board of Directors Alternates

Steve Detrick
City of Elk Grove

Jeff Slowey
City of Citrus Heights

Robert McGarvey
City of Rancho Cordova

Executive Team

Mike Wiley
General Manager/CEO

Bruce Behrens
Chief Legal Counsel

Dee Brookshire
Chief Financial Officer

Larry Corcoran
Compliance and Quality Assurance Auditor

RoseMary Covington
Assistant General Manager, Planning & Transit System Development

Dan Bailey
Chief Administrative Officer

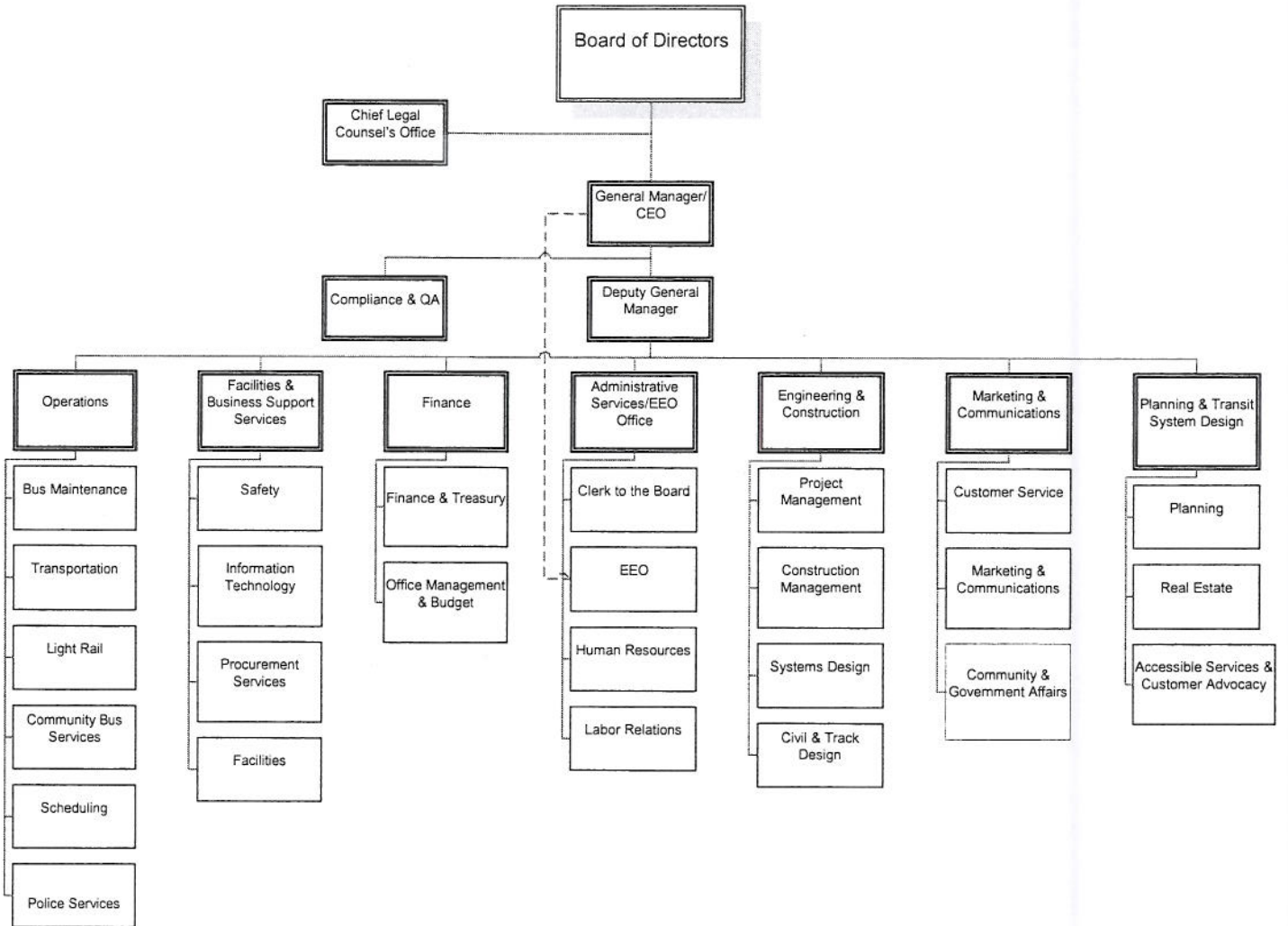
Mark Lonergan
Chief Operating Officer

Alane Masui
Assistant General Manager, Marketing and Communications

Mike Mattos
Chief of Facilities & Business Support Services

Diane Nakano
Assistant General Manager, Engineering and Construction

Organizational Structure



District Profile

Facts

Sacramento Regional Transit District	Constructs, operates, and maintains a comprehensive mass transportation system that serves 418 square miles in Sacramento County
---	--

Bus Service	
Power	Compressed Natural Gas, Diesel, Gasoline
Routes	94
Schedule	5:04 am to 11:33 pm daily
Stops	3,500
Vehicles	216 CNG Buses; 4 CNG Replica Streetcars; 20 Shuttle Vans (11 diesel, 9 gasoline)
Annual Ridership	17,465,817

Light Rail Service	
Power	Electrical
Miles	37.42
Schedule	3:50 am to 12:50 am daily
Stops	48
Vehicles	76
Annual Ridership	15,484,670

Paratransit	
ADA Passenger Trips Provided	330,616
ADA Vehicle Revenue Miles	3,102,585
Vehicles	109

Passenger Amenities/ Customer Service	
Transfer Centers	26
Park & Ride	18
Annual Customer Service Calls	950,904
Customer Info Line	(916) 321-2877
Website	www.sacrt.com

History	
Apr 1, 1973	Began operations by acquiring the assets of Sacramento Transit Authority
1973	Completed new maintenance facility and purchased 103 new buses
1987	Opened the 18.3-mile light rail system, linking the northeastern Interstate 80 and southeastern Highway 50 corridors with Downtown Sacramento
Sep 1998	Completed the first light rail extension to Mather Field/Mills Station along the Gold Line corridor
Sep 2003	Opened the South Line, extending light rail to South Sacramento
Jun 2004	Extended light rail from Mather Field/Mills to Sunrise Boulevard
Oct 2005	Extended light rail from Sunrise Boulevard to Folsom, including four new stations
Dec 2006	Extended light rail from downtown Sacramento to Sacramento Amtrak station

Strategic Plan

Adopted by the Board of Directors in January 2004, the RT strategic plan establishes RT's commitment to become a more efficient and competitive public transportation provider in the Sacramento region.

The Strategic Plan outlines the way RT will implement the Regional Metropolitan Transportation plan and defines RT's vision and mission. These purposes require that RT align its goals with the Region's, shape activities to support the goals, responsibly manage the things that are done, commit resources, and measure performance.

RT acts as the Region's focal point for transit research and development, strategic planning and system assessment, intermodal research coordination and facilitation, and transit education and safety training. RT's programs involve multiple modes of transportation.

This plan is RT's commitment to the people of the Sacramento Region to make their lives better. RT will accomplish this through regional leadership, ethical and sound business practices, and financial sustainability. RT will continue to focus on customer service and provide safe, clean, and reliable transportation service. To prepare for future needs in the 21st Century, RT will build and continuously develop a highly skilled transportation workforce, and will increase our readiness to respond to transportation emergencies that disrupt communities and affect our customers throughout the region. RT will continue to challenge itself to meet the growing transportation needs of the Sacramento Region.

The RT Strategic Plan on the following page is the result of the hard work of many of RT's employees and partners who are dedicated to leading the way to transportation excellence in the 21st Century. The plan is best seen as an evolving process, not a rigid or fixed document. This strategic plan will change as the needs of the Region change and reflect the transportation requirements of the Region.

Strategic Plan, cont.

Strategic Plan

Our Mission

To promote and enhance regional mobility and serve the public by providing quality transit services and solutions that improve the overall quality of life in the Sacramento region

A coordinated regional public transportation system that delivers quality and environmentally sensitive transit services that are an indispensable part of the fabric of communities throughout the Sacramento region

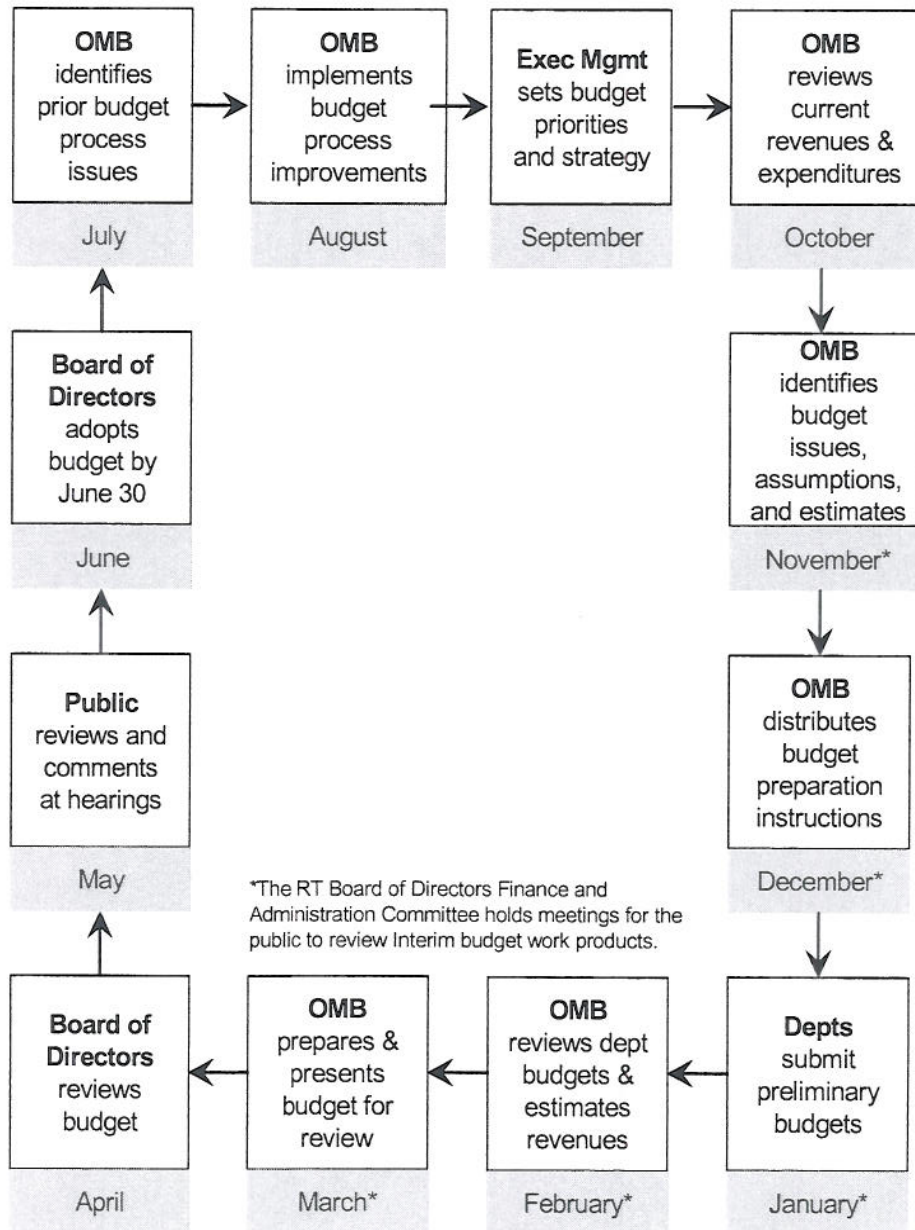
Our Vision

Our Values & Goals	
Values	Goals
Customer service	1. Provide total quality customer services.
Ethical & sound business practices	2. Conduct our business in a sound and ethical manner.
Financial sustainability	3. Secure the financial means to deliver our services and programs.
Quality workforce	4. Be a great workplace, attract and retain a qualified, talented, and committed workforce.
Regional leadership	5. Create a "world class" regional transit system

Budget Process

RT uses the annual budget to help measure and account for taxpayer dollars. The budget, as adopted by the Board of Directors, authorizes RT to spend funds. It details how RT allocates tax resources to expenditures and serves as a benchmark for evaluating accomplishments and assessing fiscal responsibility.

Budget Process



Voting System

RT is governed by an eleven-member Board of Directors. Six entities (5 cities and 1 county) make appointments to RT's Board. Eight directors are appointed by "member entities" and represent jurisdictions annexed into RT's district. Three directors are appointed by "participating entities" and represent jurisdictions that contract with RT to receive transit service.

In January 2006, the RT Board directed staff to pursue legislation to change the voting system from a one-member-one-vote system to one that provides for weighted voting based upon the financial contribution made by each entity to RT. Assembly Bill 2137 established the new weighted voting system.

The system creates 100 voting shares. RT allocates the shares to jurisdictions and their members as follows:

- Five shares to each annexed jurisdiction
- Remaining shares to all jurisdictions based on financial contribution of Transit Development Act funds, funds through contracts, other local funds, and federal funds

On March 12, 2007, the RT Board of Directors adopted the new Schedule of Weighted Voting Distribution for the remainder of FY 2007. For all subsequent years, the Schedule is to be included in the proposed budget document and distributed to voting entities at least 60 days in advance of budget adoption. A summary of the tabulated vote shares adopted for FY 2009 and proposed for FY 2010 is shown in the table below. A detailed Adopted FY 2010 Schedule of Weighted Voting is shown on the next page.

Vote Shares By Jurisdiction

Jurisdiction	Status	Shares - FY 2009 Adopted	Shares – FY 2010 Adopted
County of Sacramento	Annex	42	42
City of Sacramento	Annex	36	36
City of Rancho Cordova	Annex	9	9
City of Citrus Heights	Contract	6	6
City of Elk Grove	Contract	4	4
City of Folsom	Contract	3	3
Total		100	100

Voting System, cont.

Fiscal Year 2010 Schedule of Weighted Voting Distribution

Base Values*

Federal Financial Information

Code Section:	<u>FY 09 Federal Funds Available in the Sacramento MSA</u>	29,811,349
102205(b)(6)		
102205(b)(7)	<u>Allocation of Federal Funds to jurisdictions other than RT</u>	3,912,446
102205(b)(8)	<u>FY 09 Federal Funds Available for use in RT Service Area:</u>	25,898,903

Jurisdiction Specific Values

	<u>City of Sacramento</u>	<u>County of Sacramento</u>	<u>Rancho Cordova</u>	<u>Citrus Heights</u>	<u>Folsom</u>	<u>Elk Grove</u>	<u>Totals:</u>
102205(b)(10) <u>Population:**</u>	475,743	563,514	60,975	87,321	75,590	139,542	1,402,685
<u>Proportionate Population:</u>	33.92%	40.17%	4.35%	6.23%	5.39%	9.95%	100.00%
<u>Member:</u>	Yes	Yes	Yes	No	No	No	
102100.2, 102100. <u>Seats on the Board:</u>	4	3	1	1	1	1	11
102105.1(d)(2)(D) <u>Federal Funds Attributed to Entity (Total Federal Funding x Share of Population):</u>	8,784,026	10,404,613	1,125,831	1,612,278	1,395,679	2,576,476	25,898,903
102105.1(d)(2)(A), 102205(b)(3) <u>FY 10 State TDA Funds Made Available to RT:</u>	13,162,328	14,884,535	1,686,770	0	0	0	29,733,633
102105.1(d)(2)(B), 102205(b)(4) <u>FY 10 Funds Provided Under Contract:</u>	0	0	0	2,561,589	971,400	596,633	4,129,622
102105.1(d)(2)(C), 102205(b)(5) <u>FY 10 Other Local Funds</u>	0	0	0	0	0	0	0
102105.1(d)(2) <u>Total Financial Contribution:</u>	21,946,354	25,289,148	2,812,601	4,173,867	2,367,079	3,173,109	59,762,158
102105.1(d)(2) <u>Proportionate Financial Contribution:</u>	36.72%	42.32%	4.71%	6.98%	3.96%	5.31%	100.00%

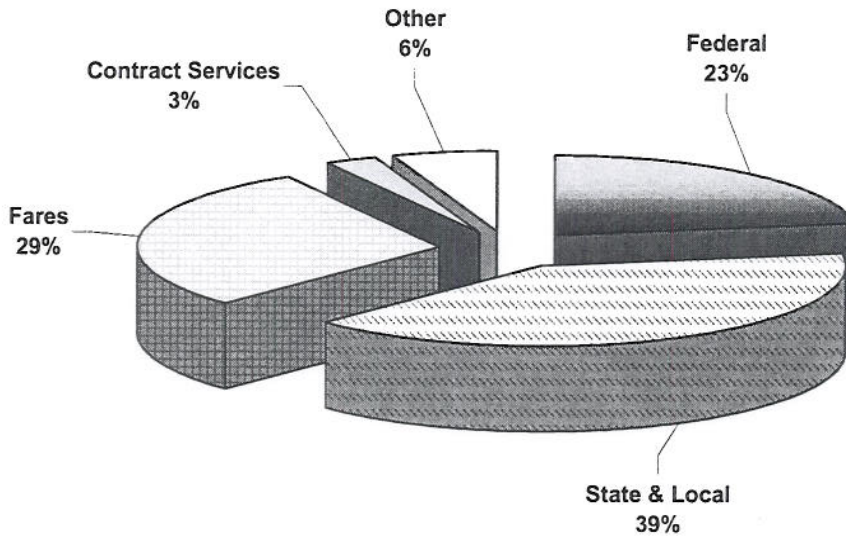
Voting Calculation

	<u>City of Sacramento</u>	<u>County of Sacramento</u>	<u>Rancho Cordova</u>	<u>Citrus Heights</u>	<u>Folsom</u>	<u>Elk Grove</u>	<u>Totals:</u>
102105.1(d)(1) <u>Incentive Shares (5 for member jurisdictions)</u>	5	5	5	0	0	0	15
102105.1(d)(2) <u>Financial Contribution Shares (Proportionate Financial Share x Remainder of 100 shares):</u>	31.2144	35.9689	4.0004	5.9365	3.3667	4.5131	85.0000
102105.1(d)(3) <u>Total Shares:</u>	36.2144	40.9689	9.0004	5.9365	3.3667	4.5131	100.0000
102105.1(d)(4)(i) <u>Shares After Rounding:</u>	36	41	9	6	3	4	99
102105.1(d)(4)(i), 102105.1(d)(4)(ii) <u>Share Adjustment (To Ensure 100 Shares):</u>	36	42	9	6	3	4	100
102105.1(d)(7) <u>Distribution of Shares Among Members (Assuming All Members Present to Vote):***</u>							
Member 1	9	14	9	6	3	4	
Member 2	9	14	N/A	N/A	N/A	N/A	
Member 3	9	14	N/A	N/A	N/A	N/A	
Member 4	9	N/A	N/A	N/A	N/A	N/A	
Member 5	N/A	N/A	N/A	N/A	N/A	N/A	
<u>Total Votes:</u>	36	42	9	6	3	4	100

* In addition to the funding sources set forth below, RT projects following funds for operating purposes: \$31,064,904 - Measure A
 ** Population as measured by the population statistics used by SACOG to allocate TDA funds for the same fiscal year for which the budget is adopted.
 *** If, in any vote allocation, any member would have more than 15 votes, that jurisdiction will be given an additional seat and the votes will be reallocated to the larger number of members.

Revenues

Operating Revenue By Funding Source



(Dollars in Thousands)

	FY 2008 Actual	FY 2009 Adopted	FY 2009 Revised	FY 2010 Adopted	FY 2010 Revised	FY 2010 Adjusted Variance	FY 2010 Adjusted Percent
Federal	\$ 21,426	\$ 22,820	\$ 22,820	\$ 30,032	\$ 31,716	\$ 1,684	5.6%
State & Local	84,558	76,032	73,387	58,721	56,400	(2,321)	(4.0%)
Fares	29,866	36,808	36,808	41,000	41,000	-	0.0%
Contract Services	4,732	4,744	4,744	4,130	3,773	(357)	(8.6%)
Other	12,294	8,719	8,245	5,396	7,916	2,520	46.7%
Total	\$ 152,876	\$ 149,123	\$ 146,004	\$ 139,279	\$ 140,805	\$ 1,526	1.10%

Federal Economic Stimulus Funds (ARRA)	8,000
Grand Total	\$ 154,004

Revenue cont.

Federal Funding

This category includes formula-based allocations to RT from the federal government. Each year Congress authorizes the appropriation and the Federal Transit Administration allocates the dollars to RT. RT can use the funds for operating, planning, and capital, subject to specific regulations.

- The Revised FY 2010 Budget proposes \$31.7 million in federal funding, an increase of \$1.7 million (5.6%) from the FY 2010 Adopted Budget (\$30.0 million).
- The Revised FY 2010 Budget reflects an increase in ARRA operating funding of \$1.7 million to cover operating costs.

State and Local Funding

This category includes formula-based allocations to RT from state and local government sales taxes. RT receives funding from the California Transportation Development Act Local Transportation Fund (TDA-LTF), the Transportation Development Act State Transit Assistance Program (TDA-STA), and Sacramento County Measure A.

- The Revised FY 2010 Budget proposes \$56.4 million in state and local funding revenue, a decrease of \$2.3 million (-4.0%) from the FY 2010 Adopted Budget (\$58.7 million).
- This reflects a decrease in Measure A revenue of \$0.8 million and a decrease in the LTF apportionment of \$1.5 million .

Fares

This category includes rider monies deposited in the fare box and the sale of tickets and passes.

- The Revised FY 2010 Budget proposes \$41.0 million in fare revenue, no change to the FY 2010 Adopted Budget.

Contract Services

This category includes contracts with the cities of Citrus Heights, Elk Grove, and Folsom. These cities purchase RT transit services.

- The Revised FY 2010 Budget proposes \$3.8 million in contracted revenue, a decrease of \$0.4 million (-8.6%) from the FY 2010 Adopted Budget (\$4.1 million).
- This decrease is due to the reduction in LTF apportionment for Citrus Heights.

Revenues, cont.

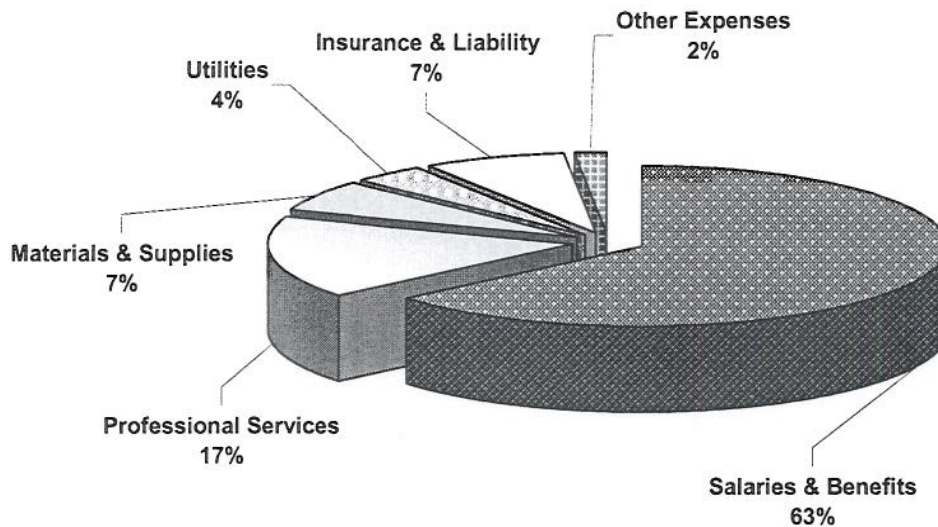
Other

This category includes investment income, commercial real estate leases, advertising income, bus book sales, fare evasion fines, promotional item sales, and photo identification activities.

- The Revised FY 2010 Budget proposes \$8.0 million in other revenue, an increase of \$2.5 million (46.7%) from the FY 2010 Adopted Budget (\$5.4 million).
- An increase in CNG tax rebate of \$0.8 million.
- A decrease in anticipated carryover funds due to less indirect cost transfers of \$0.5 million.
- An increase in FY 2009 PLPD and Workers Comp carryover funds of \$2.1 million.
- An increase in SACOG reimbursement for Google trip services of \$0.1 million.

Expenses

Operating Expenses By Expense Category



(Dollars in Thousands)

	FY 2008 Actual	FY 2009 Adopted	FY 2009 Revised	FY 2010 Adopted	FY 2010 Revised	FY 2010 Adjusted Variance	FY 2010 Adjusted Percent
Salaries & Benefits	\$ 92,661	\$ 94,000	\$ 91,131	\$ 89,083	\$ 89,866	\$ 783	0.9%
Professional Services	25,071	25,910	25,910	23,554	23,378	(176)	(0.7%)
Materials & Supplies	10,817	10,588	10,338	9,195	9,162	(33)	(0.4%)
Utilities	5,550	5,592	5,592	5,574	5,574	-	0.0%
Insurance & Liability	11,159	10,145	10,145	10,363	10,363	-	0.0%
Other Expenses	2,131	2,888	2,888	2,510	2,462	(48)	(1.9%)
January Service Cuts	-	-	-	(1,000)	-	1,000	(100.0%)
Total	\$ 147,389	\$ 149,123	\$ 146,004	\$ 139,279	\$ 140,805	\$ 1,526	1.1%

Carryover to FY 2010
Grand Total

8,000
\$ 154,004

Expenses, cont.

Salaries & Benefits

This category includes payroll and benefits for all positions authorized by the Board of Directors. It accounts for wages, overtime, pension, dental, medical, FICA, vision and all other RT-paid employee benefits.

- The Revised FY 2010 Budget proposes \$89.9 million for salaries and benefits, an increase of \$0.8 million (0.9%) from the FY 2010 Adopted Budget (\$89.1 million).
- This revised budget increase in salaries and benefits of \$0.8 million is due to increase in pension/OPEB rates, change in vacancy rates for certain positions, and update for salaries that were below newly established salary survey ranges.

Professional Services

This category includes purchased transportation to comply with the Americans with Disabilities Act (ADA), transit security, equipment maintenance, facilities maintenance, attorney fees, and services provided by outside consultants.

- The Revised FY 2010 Budget proposes \$23.4 million for services, a decrease of \$0.2 million (-0.7%) from the FY 2010 Adopted Budget (\$23.6 million).
- This revised budget decrease in Professional Services is due to the additional cuts in the consultants and outside services and reduction to Paratransit contract.

Materials and Supplies

This category includes fuel, bus and light rail parts, small maintenance tools and equipment, cleaning supplies, printing materials, and general office supplies.

- The Revised FY 2010 Budget proposes \$9.2 million for materials and supplies.
- This reflects a minor decrease in printing materials, facility supplies.

Utilities

This category includes electricity, water, gas, refuse, and telephone for bus, light rail, and administrative facilities.

- The Revised FY 2010 Budget proposes \$5.6 million for utilities, no change from the FY 2010 Adopted Budget.

Expenses, cont.

Insurance and Liability

This category includes premiums, claims, and attorney fees related to personal liability insurance, property damage insurance, worker's compensation claims, and commercial insurance for amounts in excess of self-insured amounts.

- The Revised FY 2010 Budget proposes \$10.4 million for casualty and liability insurance, no change from the FY 2010 Adopted Budget (\$10.4 million).

Other

This category includes, but is not limited to, travel and training, seminars, dues and subscriptions, awards and ceremonies, building leases, equipment leases, taxes, freight, advertising, legal notices, and bad debt.

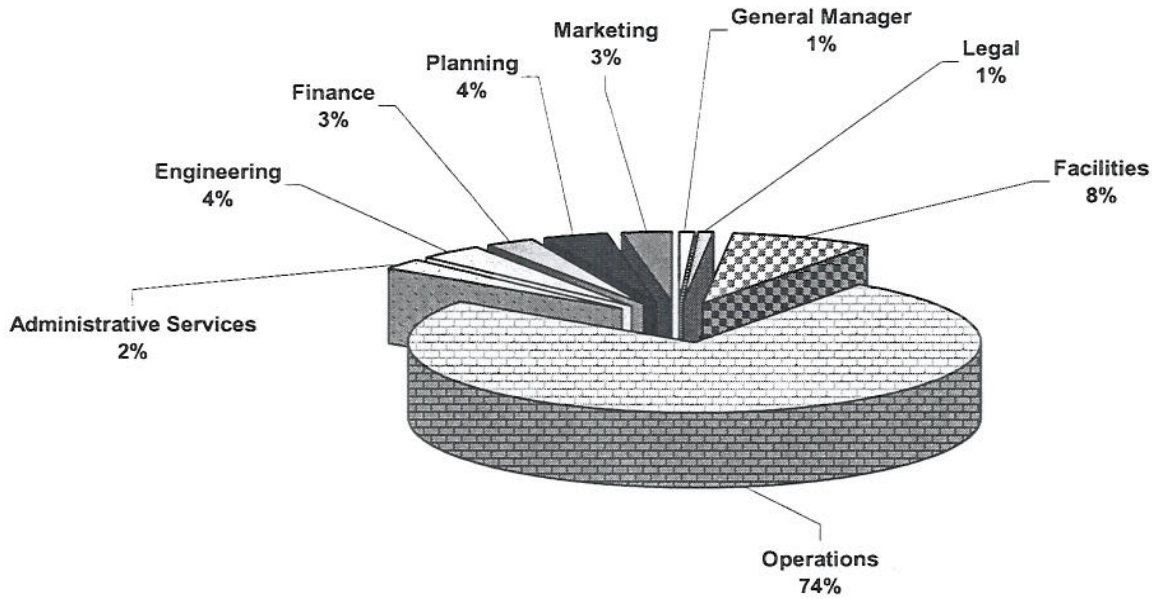
- The Revised FY 2010 Budget proposes \$2.5 million for other expenditures.
- This reflects a minor decrease in travel expenses, Awards and Ceremonies and the Employee Assistance Program.

January Service Cuts

- The FY 2010 Adopted Budget included a \$1.0 million service cuts.
- The revised budget will eliminate the planned service cuts in January 2010. In order to balance the budget, RT proposes other cost containment measures and revenue enhancements.

Positions

The Fiscal Year 2010 Budget proposes 1,204 Board authorized positions, a decrease of 32 positions from the Fiscal Year 2010 Preliminary Proposed Budget (1,236 positions). This reflects the elimination of 32 Bus Operators in the Operations Division.



Division	FY 2006 Actual	FY 2007 Actual	FY 2008 Budgeted	FY 2009 Adopted	FY 2010 Adjusted	FY 2010 Adopted	FY 10 Adjusted to Proposed
General Manager	6	14	19	23	11	11	0
Legal	10	10	10	10	10	10	0
Facilities	93	93	94	95	95	95	0
Operations	899	934	934	933	936	904 ¹	-32
Administrative Services	63	33	33	30	30	30	0
Engineering	47	46	46	44	44	44	0
Finance	32	32	32	32	32	32	0
Planning	82	31	31	31	43	43	0
Marketing		40	36	35	35	35	0
Total	1,232	1,233	1,235	1,233	1,236	1,204	-32

¹ Eliminate Bus Operators (-32) in Operations Division

Capital Improvement Plan

This following table represents the Capital Budget spending plan for the FY 2010 Operating Budget for the projects listed. The full five-year CIP will be adopted by a separate Board action and will cover capital funding priorities between fiscal year 2010 and 2014, and beyond to 2039.

The FY 2010 Budget includes projects focused on the following capital priorities:

System Expansion:

- Northeast Corridor Enhancements (Phase 1)
- South Sacramento Phase 2 light rail extension
- Downtown-Natomas-Airport light rail extension

Fleet Program:

- Neighborhood Ride Vehicle Replacement
- UTDC Light Rail Vehicle Retrofit

Facilities Program:

- Bus Maintenance Facility #2 (Phase 1)

Infrastructure Program:

- Watt Avenue Grade Separation
- Light Rail Crossing Enhancements

Transit Technologies Program:

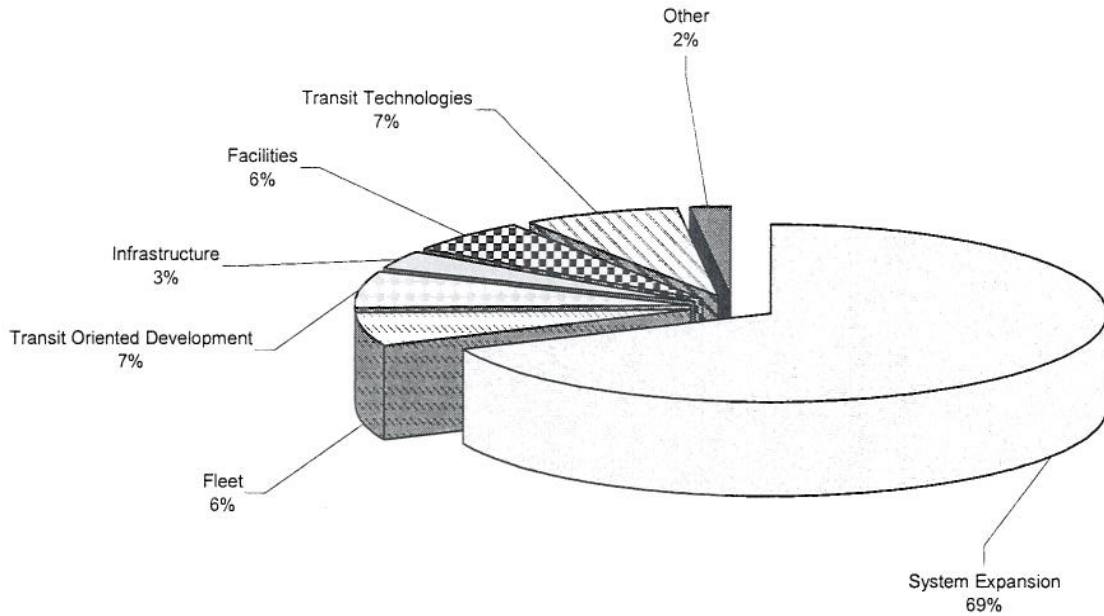
- Farebox Collection / Smart Media Implementation
- Light Rail Station Video Surveillance and Recording System

Impact of Capital Improvements on Operating Budget

Capital projects approved in the current year budget impact future operating and capital budgets as follows:

1. Capital projects completed in the current year will require ongoing maintenance and, in case of new service lines, additional and ongoing operating costs.
2. Capital projects that are not completed in the current year will require additional capital funding that may require balancing operating funding to meet fiscal constraints.
3. Capital projects that are not completed in the current year will affect future years' budgets with increased operating costs in the year of completion. Future ongoing operating and maintenance costs are projected using current year baseline dollars.

Capital Improvements By Category



(in Thousands)

Category	FY 2010 Revised	
System Expansion	\$ 78,707	68.2%
Fleet	7,189	6.2%
Transit Oriented Development	7,800	6.8%
Infrastructure	3,900	3.4%
Facilities	6,990	6.1%
Transit Technologies	8,603	7.5%
Other	2,212	1.9%
Total	\$ 115,401	100.0%

Capital Improvement FY 2010 Funding Additions

Program	Project Name	Tier	Funded Through FY 2009	FY 2010 Revised Funding	Future Funding Additions	Total Project Cost
System Expansion Programs						
230	Northeast Corridor Enhancements (Phase 1)	I	\$ 23,885,739	\$ 2,429,000	\$ 8,185,261	\$ 34,500,000
310-2	South Sacramento Phase 2 Light Rail Extension	I	12,992,334	38,996,114	218,011,552	270,000,000
402	Downtown-Natomas-Airport Light Rail Extension	I	3,699,777	37,282,000	718,947,084	759,928,861
	System Expansion Total		40,577,850	78,707,114	945,143,897	1,064,428,861
Fleet Programs						
4027	UTDC Light Rail Vehicle Acquisition & Retrofit	I	2,757,739	6,556,382	4,285,879	13,600,000
B040	Neighborhood Ride Vehicle Replacement	I	2,078,409	-	12,111,591	14,190,000
B041	Neighborhood Ride Vehicle Replacement - Hybrid	I	825,000	632,628	-	1,457,628
	Fleet Program Total		5,661,148	7,189,010	16,397,470	29,247,628
Transit Oriented Development						
TD02	TOD Development 65th Street Station Reconfiguration	0	579,199	3,800,000	-	4,379,199
NEW	LaValentina TOD	I	-	4,000,000	-	4,000,000
	Transit Oriented Development Total		579,199	7,800,000	-	8,379,199
Infrastructure Programs						
R280	Folsom Limited Stop Service	I	-	3,900,000	-	3,900,000
0534	13th & 16th St. LR Station Improvements	I	186,225	-	865,598	1,051,823
R010	Light Rail Crossing Enhancements	I	550,000	-	150,000	700,000
4017	Bus Stop Improvement Program	I	45,780	-	5,283,025	5,328,805
	Infrastructure Program Total		782,005	3,900,000	6,298,623	10,980,628
Facilities Programs						
1	G145 New Headquarters Building	0	-	-	-	-
4011	Facilities Maintenance & Improvements	I	78,173	500,000	20,697,947	21,276,120
4007	ADA Transition Plan Improvements	I	300,020	-	5,487,980	5,788,000
645	Major Light Rail Station Enhancements	I	379,399	-	48,204,883	48,584,282
715	Bus Maintenance Facility #2 (Phase 1)	I	1,934,371	6,300,000	16,981,562	25,215,933
NEW	Transit Enhancements Project	I	-	189,980	-	189,980
	Facilities Program Total		2,691,963	6,989,980	91,372,372	101,054,315
Equipment Programs						
B015	Communication Equipment Replacement	I	-	-	2,055,000	2,055,000
G095	Annual Hardware Replacement/Upgrade Program	I	-	-	2,170,000	2,170,000
	Equipment Program Total		-	-	4,225,000	4,225,000
Transit Technologies Programs						
H015	Completing the Video Surveillance System	0	-	-	623,067	623,067
2	G155 Farebox Collection / Smart Media Implementation	I	-	5,908,253	2,616,747	8,525,000
G240	Additional Fare Vending Machines/Spares	I	-	1,150,000	50,000	1,200,000
G105	Bus Fleet AVL	I	-	1,544,887	-	1,544,887
G045	LR Station Video Surveillance & Recording System	I	1,558,699	-	-	1,558,699
	Transit Technologies Program Total		1,558,699	8,603,140	3,289,814	13,451,653
Transit Security & Safety						
R020	General Order 95 System Upgrade	I	-	-	375,000	375,000
R165	Ahern/12th Street Improvements	I	220,000	-	-	220,000
	Transit Security & Safety Total		220,000	-	375,000	595,000
Planning / Studies						
0580	TMP Downtown Network Implementation Study	I	-	-	300,000	300,000
PD09	Professional Development for RT Transit Planning Staff	I	-	-	47,250	47,250
	Planning / Studies Total		-	-	347,250	347,250
Other Programs						
OPE2	Workforce Investment Technical Training	0	147,933	-	57,943	205,876
OPE3	Train the Trainer-Homeland Security	0	42,706	-	-	42,706
G230	Certificates of Participation Payments	I	4,160,541	2,077,533	16,784,451	23,022,525
NEW	"See It, Hear It, Report It" Public Awareness	I	-	78,500	-	78,500
NEW	WMD/IED Exercise	I	-	55,674	-	55,674
	Other Program Total		4,351,180	2,211,707	16,842,394	23,405,281
Total			\$ 56,422,044	\$ 115,400,951	\$ 1,084,291,820	\$ 1,256,114,815

1 G145 New Headquarters Building: Trade-for-value only with no net expense to RT. Total estimated cost is \$14,100,000.

2 G155 Farebox Collection / Smart Media Implementation: To be fully funded by SACOG

* All project expenditures are subject to available funding.

Capital Project Expenditure Plan

Program	Project Name	Tier	Expended Through FY 2009	FY 2010 Adopted Expenditures	Future Expenditures	Total Project Cost through FY 2039
System Expansion Programs						
403	DNA Airport Advanced LR Conceptual Design	0	\$ 323,546	\$ 105,300	571,154	\$ 1,000,000
230	Northeast Corridor Enhancements (Phase 1)	I	16,685,316	4,957,000	12,857,684	34,500,000
F	Amtrak/Folsom Light Rail Extension	I	267,115,212	535,826	93,962	267,745,000
410	South Sacramento Phase 2 Light Rail Extension	I	10,968,699	44,862,000	214,169,301	270,000,000
402	Downtown-Natomas-Airport Light Rail Extension	I	12,650,187	2,580,933	746,442,872	761,673,992
404	Downtown-Natomas-Airport MOS-1 Construction	I	271,191	23,431,270	13,723,539	37,426,000
008	Swanston Pedestrian Bridge	I	95,362	-	856,435	951,797
126	Amtrak Depot Restoration	I	1,222,003	401	-	1,222,404
System Expansion Total			309,331,516	76,472,730	988,714,947	1,374,519,193
Fleet Programs						
771	Paratransit Vehicle Replacement (Up to 50)	0	4,546,575	449,890	-	4,996,465
660	Siemens LRV Retrofit Communication Kits	0	3,219,399	84,692	-	3,304,091
B005	CNG Bus Replacement (91 in 2008)	0	38,747,667	42,878	1,876,770	40,667,315
4027	UTDC Light Rail Vehicle Acquisition & Retrofit	I	8,258,011	1,652,023	3,689,966	13,600,000
651	Siemens Light Rail Vehicle Mid-Life Overhaul	I	6,742,601	534,590	2,669,221	9,946,412
B040	Neighborhood Ride Vehicle Replacement	I	1,159,235	940,933	8,789,832	10,890,000
B041	Neighborhood Ride Vehicle - Hybrid	I	2,940	727,344	809,307	1,539,591
P005	Paratransit Vehicle Replacement	I	903,862	2,386,858	294,009,280	297,300,000
R110	Siemens E & H Ramp Replacement	0	-	660,000	660,000	1,320,000
Fleet Program Total			63,580,290	7,479,208	312,504,376	383,563,874
Transit Oriented Development						
0536	TOD Development at Cemo Circle	0	98,261	1,739	-	100,000
0538	TOD Development at Butterfield LR Station	0	45,327	4,673	-	50,000
0542	TOD Development at 13th Street LR Station	0	-	37,500	37,500	75,000
0543	TOD Development at Power Inn LR Station	0	26,300	18,646	30,054	75,000
TD02	TOD Development 65th Street Station Reconfiguration	0	240,299	229,524	210,177	680,000
0546	TOD Development at Florin & Meadowview LR Stations	I	23,234	107,108	144,658	275,000
Transit Oriented Development Total			433,421	399,190	422,389	1,255,000
Infrastructure Programs						
127	Sacramento Depot Parking & Circulation Improvements	0	1,228,868	41,232	-	1,270,100
4018	OCS/Substation Upgrades	0	74,770	9,230	-	84,000
990	Watt Avenue Grade Separation	0	2,102,027	442,033	-	2,544,060
R245	Downtown LR Station Enhancements	0	176,545	171,749	272,964	621,258
0534	13th & 16th St. LR Station Improvements	I	252,758	833,190	-	1,085,948
0578	Traction Power Upgrades	I	295,998	595,153	-	891,151
4017	Bus Stop Improvement Program	I	271,257	15,626	5,361,922	5,648,805
G035	Fiber/50-Fig Installation, Maintenance, & Repair	0	90,385	110,707	276,318	477,410
R280	Folsom Limited Stop Service	I	-	1,801,966	2,098,034	3,900,000
R010	Light Rail Crossing Enhancements	I	17,796	141,293	340,911	500,000
Infrastructure Program Total			4,510,404	4,162,179	8,350,149	17,022,732
Facilities Programs						
0518	K Street Mall Improvements	0	532,628	6,735	-	539,363
1	G145 New Headquarters Building	0	-	-	-	-
4005	Butterfield/Mather Mills LR Station Rehabilitation	0	43,570	90,919	-	134,489
TE07	Transit Enhancements	0	25,197	195,064	-	220,261
4007	ADA Transition Plan Improvements	I	160,118	200,406	5,427,476	5,788,000
4011	Facilities Maintenance & Improvements	I	1,885,158	625,406	18,765,556	21,276,120
4022	Incremental Lighting of Fiber	I	299,991	9	-	300,000
645	Major Light Rail Station Enhancements	I	5,125,715	226,002	43,232,565	48,584,282
715	Bus Maintenance Facility #2 (Phase 1)	I	13,206,507	2,117,907	1,759,712	17,084,126
Facilities Program Total			21,278,884	3,462,448	69,185,309	93,926,641
Equipment Programs						
G225	Non-Revenue Vehicle Replacement	I	575,485	720,406	22,689,109	23,985,000
Equipment Program Total			575,485	720,406	22,689,109	23,985,000

Capital Project Expenditure Plan cont.

Program	Project Name	Tier	Expended Through FY 2009	FY 2010 Adopted Expenditures	Future Expenditures	Total Project Cost through FY 2039
Transit Technologies Programs						
964	Trapeze Implementation (TEAMS)	0	1,498,204	588,561	77,447	2,164,212
2	G155 Farebox Collection / Smart Media Implementation	I	-	-	-	-
	G240 Additional Fare Vending Machines/Spares	I	-	50,000	1,150,000	1,200,000
	G045 LR Station Video Surveillance & Recording System	I	190,292	761,112	607,295	1,558,699
	G105 Automated Vehicle Location System for Buses	I	-	386,000	1,158,887	1,544,887
	H010 In-Service LR Vehicle Data Retrieval (Security/Maintenance)	II	608,756	2,226	-	610,982
Transit Technologies Program Total			2,297,252	1,787,899	2,993,629	7,078,780
Transit Security & Safety						
R020	General Order 95 System Upgrade	I	-	375,000	-	375,000
R165	Ahern/12th Street Improvements	I	5,464	8,756	205,780	220,000
Transit Security & Safety Total			5,464	383,756	205,780	595,000
Planning / Studies						
0580	TMP Downtown Network Implementation Study	I	-	300,000	-	300,000
PD09	Professional Development for RT Transit Planning Staff	I	-	47,250	-	47,250
Planning / Studies Total			-	347,250	-	347,250
Other Programs						
OPE2	Workforce Investment Technical Training	0	168,864	22,012	-	190,876
OPE3	Train the Trainer-Homeland Security	0	12,200	30,506	-	42,706
4024	General Construction Management Support Services	I	350,604	10,000	3,124,396	3,485,000
4025	General Engineering Support Services	I	313,689	10,000	6,566,311	6,890,000
G230	Certificates of Participation Payments	I	10,545,613	2,077,533	10,399,379	23,022,525
Other Program Total			11,390,970	2,150,051	20,090,086	33,631,107
Total			\$ 413,403,686	\$ 97,365,117	1,425,155,774	\$ 1,935,924,577

1 G145 New Headquarters Building: Trade-for-value only with no net expense to RT. Total estimated cost is \$14,100,000.

2 G155 Farebox Collection / Smart Media Implementation: To be fully funded by SACOG

* All project expenditures are subject to available funding.