Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	02/22/10	Open	Information	02/15/10

Subject: FY 2010 Mid-Year Operating Budget Update and FY 2011 Projections

ISSUE

To provide the Board with a FY 2010 mid-year status report on operating revenues and expenditures with projections to year-end; FY 2011 revenue outlook, and a re-balancing plan for the FY 2010 and FY 2011 Budgets.

RECOMMENDED ACTION

Informational only.

FISCAL IMPACT

None as a result of this staff report.

DISCUSSION

The purpose of this issue paper and attachments are to: (1) provide the Board with a mid-year update on Regional Transit (RT)'s current operating budget in light of existing economic and financial conditions, (2) highlight major impacts to RT revenues resulting from the proposed FY 2011 State Budget and other contributing economic factors, and (3) provide the Board with a comprehensive 18 month re-balancing plan for the FY 2010 and FY 2011 Budgets.

Background:

On June 22, 2009, following extensive public input and further direction from the Board to minimize service cuts, staff presented a balanced FY 2010 Preliminary Operating Budget of $139.3 million and a FY 2010 Capital Budget of $117.1 million, which were subsequently adopted by the Board. The adopted operating budget incorporated all known revenues and expenditures at that time; fare structure changes and increases; a scaled back service reduction of $700,000; and $1 million in potential service cuts scheduled for January 1, 2010, if additional revenue or cost savings could not be identified.

On August 24, 2009, RT staff reported an increase in revenue due to the availability of stimulus funds and additional decreases in revenues due to the economic decline. These were combined with an increase in carryover to the new budget year (due to a favorable FY 2009 year-end adjustment for Workers Compensation and Property Liability/Property Damage insurance) to enable staff to present a revised and re-balanced operating budget for consideration that eliminated the potential service cuts scheduled for January 1, 2010. The FY2010 Budgets were amended to increase the Operating Budget to $140.8 million; and decrease the Capital Budget to $97.4 million.

Approved: Michael R. Wiley
General Manager/CEO

Presented: Dee Brookshire
Chief Financial Officer

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Economic Conditions:

Since the FY 2010 Budgets were adopted, the overall outlook for RT has worsened from earlier projections of severely constrained operating and capital revenues through FY 2010, leveling off in FY 2011. Projections now indicate a precipitous decline in revenues in both years. High unemployment in the region, combined with the State's forced furloughs of 3 Fridays per month and lower gas prices, have caused significant changes in fare media buying patterns and the use of the RT system itself. Compounding these significant impacts is the continuing decline in sales tax based revenues that will likely not rebound until both unemployment is reduced and the housing market improves. The demands on the state budget also continue to undercut the availability of state transit funding support.

Revenue Discussion

The following analysis is provided to illustrate the impact of each declining segment of RT revenue.

Fare Revenues

Staff evaluated the effects of the fare policy changes and fare increases implemented with the FY 2010 Budget over the first six months of the year to determine the impacts of those changes in light of regional economic conditions. In short, RT's fare revenues have not met projections during the first six months of FY 2010 and are not expected to increase significantly during the second half of the year. Fare revenue continues to climb but at a much lower than projected rate. FY 2010 fare revenues are now projected to be $33 Million, or $7.9 Million less than budgeted.

Local Transportation Funding

Recent information received from the Sacramento Area Council of Governments (SACOG) indicates a serious decline in projections for FY 2010 sales tax receipts with the prospect of additional steep declines in FY 2011. The SACOG Board of Directors will consider a revised Findings of Apportionment of Local Transportation Funds (LTF) for FY 2011 and a Revised Sacramento County Findings of Apportionment for FY 2010 on February 18th. It is expected that FY 2010 projected receipts will be further reduced by 10%, bringing the total year-to-year reduction in LTF to 18.8%. The additional impact in dollars is estimated to be a decline by $2.6 Million in FY 2010, with a subsequent decline of 14% in FY 2011 estimated at $3.9 Million, for an additional two-year decline of $6.5 Million from LTF alone.

Measure A Funding

The Sacramento Transportation Authority (STA) Board will also consider action on March 11th to formally revise Measure A allocations for FY 2010 downward by as much as 16% and to lower Measure A projections for FY 2011. If STA matches Sacramento County estimates used by SACOG, those numbers will mean a decline by as much as $4.5 Million in FY 2010, with a subsequent decline by $3.3 Million in FY 2011, for an additional two-year decline in Measure A revenue of $7.8 Million.

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State Funding

Although the State Supreme Court upheld the Appellate Court ruling that the State of California's raid of transit funds was illegal, the Governor ignored the ruling and issued his proposed budget for FY 2011 in January 2010 to eliminate the sales tax on gas and diesel fuel and replace it with an excise tax dedicated to non transit or capital only purposes. If adopted by the Legislature, this action will effectively eliminate any operating revenue from State sources for RT or other California transit agencies. Although there are counter proposals under consideration in the Legislature, due to the uncertainty of this funding source, RT can no longer hold out for a favorable outcome to balance the FY 2010 budget or provide revenue in FY 2011. These budget projections are prepared without expectation of State funding for operations in either FY 201 0 or FY 2011.

Federal Funding

Federal funding from Section 5307 Urbanized Area Formula funds will also decline by $2.5 million in FY 2011 due to the expiration of an agreement among local transits for RT to receive a larger share of regional funds for a number of years.

Federal Stimulus Funding

Federal stimulus funds received in FY 2009 and in FY 2010 are not currently projected for FY 2011. If a second stimulus program is approved that mirrors the first, RT estimates that it could receive up to $4 Million in FY 2010 (assuming an operating funds component) and $10.5 million in preventative maintenance in FY 2011. Although there has been much discussion of a second round of stimulus funding, as of the date of this writing, no additional stimulus has yet been authorized and so is not included in the re-balancing plan proposed later in this staff report.

Other Revenues

The additional six months of CNG rebate revenue added to the FY 2010 Budget in August 2009, to partially offset the removal of the planned service cut in January must now be withdrawn from the budget. Although it appeared promising in August 2009, none of the legislation to which the extension was attached passed in both houses. Extension language retroactive to January 1, 2010, was included in the "Jobs Bill" passed by the House of Representatives earlier this year, however, the Senate has not yet passed the bill and with yet another version of the bill in the works for proposal in the Senate, it is not certain when or if a bill will pass or if the CNG rebate extension will be included in the final version. As a result, approximately $750,000 in rebate revenue will not be realized in FY 2010, and $1.5 Million will not be available in FY 2011 without legislation to extend the rebate.

RT is facing a "perfect storm" of revenue losses that, once revised, will take projected revenue for FY 2010 from current sources below 2006 levels. Projections for FY 2011 will fall below 2004 levels.

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As a result of the failure of revenues to adequately fund RT programs and facilities caused by these developments, RT is projected to have a fiscal emergency as defined under Public Resources Code section 21080.32, wherein it is projected to have negative working capital within one year absent action.

Attachment 1 provides an eleven year look at revenues with projections for FY 2010 and FY 2011.

Re-Balancing Measures Undertaken To-Date

Structural deficits such as RT is now facing are usually not slow in the making and this is no exception. While RT has withstood ever-increasing raids on transit funds and fluctuations in the economy by undertaking numerous revenue enhancement and cost cutting measures, revenues have continued to decline to the point where additional internal measures can no longer meet the additional shortfall.

A quick review of the cumulative list of actions RT has taken to meet budget shortfalls will show RT has implemented increasingly intense re-balancing measures to meet the resulting shortfalls, as the State of California began to raid transit funds in 2008. Staffing levels have been kept low with positions frozen in place and expenditure levels are carefully considered. More than $39 Million in State funding reductions in the last three fiscal years have been met. Careful, even frugal management has enabled RT to continue to provide service with minimal reductions until now. It should not be a question of "how has RT been managing its money"; the question should be "how has RT managed so well for so long."

An updated summary of actions RT has taken to meet budget revenue shortfalls is provided as Attachment 2.

18 Month Re-Balancing Plan

RT staff began the process of developing a cost cutting plan in January when it was determined after six months of experience that fare revenues would not achieve projected levels. Early indications were that additional internal measures could bridge the fare revenue gap. However, when new information was received that sales tax based revenues would be formally revised downward again, and the full depth of the projected revenue loss was known, RT executive staff began an almost continuous series of meetings to intensify district-wide cost cutting measures that would include administrative staff reductions in anticipation of deep service cuts.

Due to the late notice of the decline in revenues in FY 2010 and the time required to publicly notice and implement service reductions, RT will be unable to meet the shortfall with re-balancing strategies during the remainder of FY 2010 alone. Therefore, a re-balancing plan for the second half of the current fiscal year combined with the next budget year is proposed to bring revenues and expenditures into balance by June 30, 2011.

Attachment 3 provides an updated look at the FY 2010-2011 Operating Budget Worksheet that projects all operating revenues and the projected shortfall before remedial action.

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Attachments 4 and 5 provide a re-balancing summary and worksheet that illustrate the effect of reducing non-labor operating costs to a "bare-bones" level; annualized net savings from administrative layoffs; and district-wide service cuts at the level necessary to bring the agency into balance if all assumptions are met, including cooperation from labor unions to meet the zero-based budget requirements that have been in negotiations since April of 2009.

Staff will go over these attachments at the February 22nd Board meeting.

Critical Issue

Maintaining adequate cash flows is a critical issue in maintaining RT's viability as a going concern. Staff has been evaluating cash flow levels in light of the dramatically reduced revenue projections. Current calculations indicate that if all assumptions come through as planned, the agency will be able to survive.

The primary assumption is that RT will be able to maintain its Line of Credit with Wells Fargo Bank at $25 Million. Finance staff will meet with Wells Fargo Bank staff on March 5th to continue discussions on RT's financial condition and future projections. There is every indication that Wells Fargo Bank will work with RT through the current fiscal emergency as long as a plan exists to solve the problem.

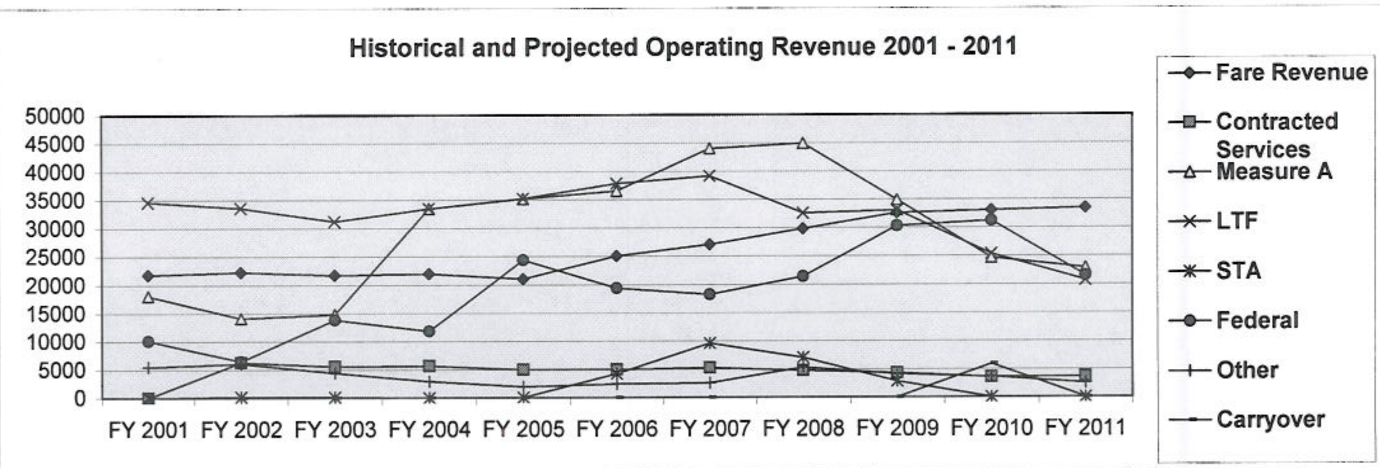
Additional assumptions include labor union cooperation to bring in the concessions needed to meet the expected zero-base levels for both FY 2010 and FY 2011; labor and fringe costs coming in at projected reduced levels; and all non-labor operating costs kept at projected reduced levels. This will require intense effort and cooperation on the part of every employee remaining at RT.

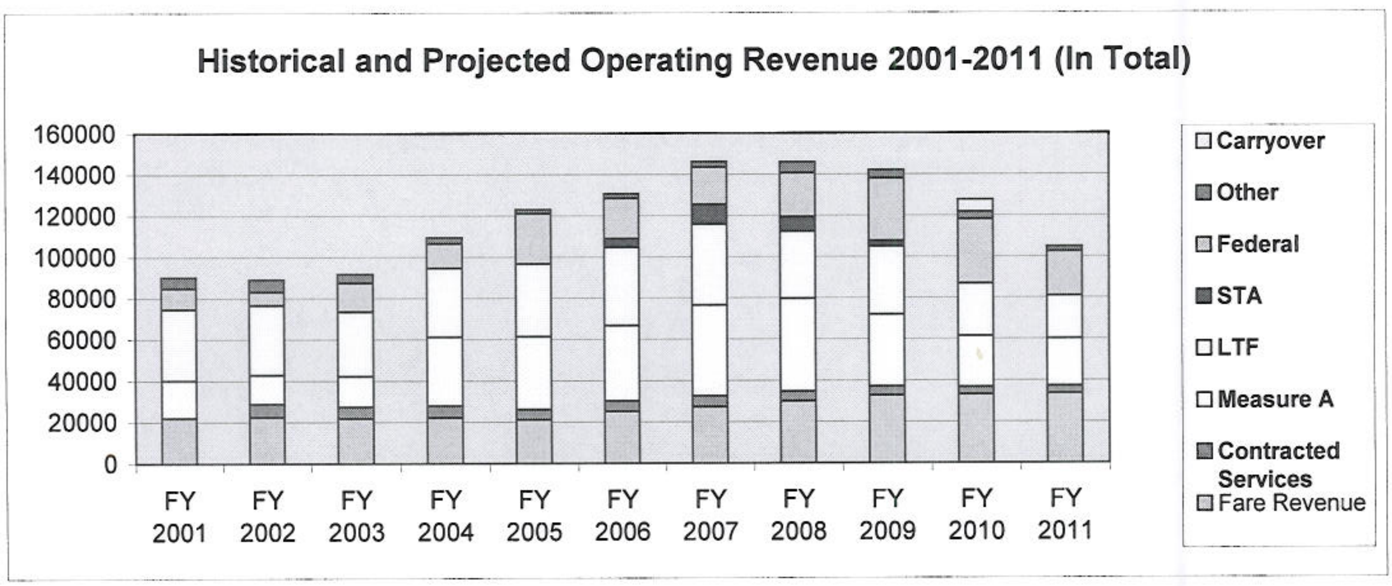
Steps Ahead

March 8, 2010	Public Hearing on service reductions
March 22, 2010	Following actions by SACOG and STA, RT staff will propose revisions to the FY 2010 Operating Budget to reduce revenue projections and adjust expenditures to the greatest extent possible for the remainder of FY 2010.
March 22, 2010	Board considers deterimination of a fiscal emergency under Public Resources Code section 21080.32
March 22, 2010	Adopt service reductions
March 22, 2010	Staff will propose FY 2011 Operating and Capital Budgets for 60 day review and call for a public hearing.
April 12, 2010	Public Hearing on FY 2011 Budget
June 14, 2010	Adopt FY 2011 Budget
June 20, 2010	Implement Service Reductions
July 1, 2010	Begin FY 2011 Budget Year

SACRAMENTO REGIONAL TRANSIT DISTRICT
HISTORICAL AND PROJECTED OPERATING REVENUE - FY2001 to FY2011
(in millions)

OPERATING REVENUES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Fare Revenue	$21,847	$22,305	$21,745	$22,004	$21,101	$25,072	$27,101	$29,866	$32,571	$33,071	$33,471
Contracted Services	$0	$6,320	$5,561	$5,697	$4,970	$4,993	$5,295	$4,732	$4,311	$3,552	$3,674
Measure A	$18,111	$14,144	$14,806	$33,433	$35,164	$36,568	$44,039	$44,946	$34,872	$24,667	$22,890
LTF	$34,619	$33,571	$31,235	$33,444	$35,244	$37,861	$39,150	$32,568	$33,057	$25,365	$20,719
STA	$0	$180	$86	$0	$46	$4,251	$9,650	$7,044	$2,796	$0	$0
Federal	$10,109	$6,483	$13,886	$11,853	$24,400	$19,413	$18,273	$21,426	$30,309	$31,214	$21,519
Other	$5,522	$6,043	$4,391	$2,944	$1,954	$2,414	$2,603	$5,314	$4,129	$3,594	$2,495
SUBTOTAL	**$90,208**	**$89,047**	**$91,710**	**$109,374**	**$122,879**	**$130,572**	**$146,112**	**$145,896**	**$142,046**	**$121,465**	**$104,770**
Carryover	$0	$0	$0	$0	$0	$0	$0	$7,289	$4,387	$5,883	$0
TOTAL	**$90,208**	**$89,047**	**$91,710**	**$109,374**	**$122,879**	**$130,572**	**$146,112**	**$153,185**	**$146,433**	**$127,348**	**$104,770**





SACRAMENTO REGIONAL TRANSIT DISTRICT
ACTIONS TO MEET STATE BUDGET REVENUE SHORTFALLS

ACTIONS TO MITIGATE THE FY 2008 BUDGET SHORTFALL OF $8 MILLION:

1. Deferred $2.3 million in operating expenditures.
2. Eliminated 5 non-operating positions and froze an additional 28 positions.
3. Conducted a thorough review of employee medical dependent coverage eligibility which resulted in a cost reduction of $300,000 per year by removing ineligible dependents from plans.
4. Instituted cost reduction and cost containment measures in all discretionary spending areas including supplies, professional services, travel, and non-essential meeting expenses.
5. Non-labor cost increases were limited to 2.0% and labor and fringe benefit growth was limited to 4.0% over the prior year budget.
6. Scaled back or indefinitely delayed 91 capital projects to reprogram flexible funding to operations.
7. Eliminated 5% of unproductive bus service.
8. Management cost-of-living increase for FY 2008 was cancelled.

ACTIONS TO MITIGATE THE FY 2009 BUDGET SHORTFALL OF $22 MILLION:

9. Filed and received CNG fuel rebates from the Federal Government (ongoing).
10. Reduced travel and participation in non-essential meetings and community events.
11. Discontinued the Paratransit Group Pass effective 12-1-08.
12. Further reduced staffing levels and froze all non-critical vacancies.
13. Increased the pension amortization period from 20 to 30 years on both pension plans to reduce fringe benefit expenditures.
14. Re-negotiating existing fare and transfer agreements to minimize cash outlay.
15. Increased overall fare structure by 11.7% effective 1-1-09.
16. Increased Paratransit Fares by 12.5% effective 1-1-09.

ACTIONS TO MITIGATE THE FY 2010 BUDGET SHORTFALL OF $9 MILLION:

17. Implemented class & pay study to bring salaries to a competitive level, then froze any possibility of movement through the improved ranges for over 18 months.
18. Intensified the two years old hiring freeze with consideration of permanently eliminating positions that have remained unfilled for two years or more.
19. Eliminated almost all contract workers and intern opportunities.

SACRAMENTO REGIONAL TRANSIT DISTRICT
ACTIONS TO MEET STATE BUDGET REVENUE SHORTFALLS

20. Reduced community based memberships and sponsorships.

21. Reduced remaining travel and training by two-thirds.

22. Implemented “zero-base” salary and benefit program requiring each labor union to determine a combination of strategies to absorb rising costs so that total costs in FY 2010 are the same as the base year (FY 2009).

    “Zero-Base” Strategies include:

    a. Salary freeze;
    b. Suspension of vacation, sick leave, floating holiday sell backs;
    c. Furloughs of 9+ days over 18 months;
    d. Increased insurance premium payment share by employees from 8% to 10%;
    e. Increased insurance co-pays for office visits; and
    f. Reduce RX replacements per co-pay from 90 day to 30 day supply.

23. Reduce Professional Services costs and limit to prior year total for larger contracts such as Paratransit Inc., and Security Services, which make up 76% of this category.

24. Reduce facilities services contracts for internal services such as janitorial services, for example, from 7 days to 5 days per week.

25. Developed and planned implementation of a district-wide cost allocation plan that will provide a mechanism to legitimately shift indirect costs by as much as $2 million each year from operations to capital projects (currently awaiting FTA approval).

26. Pursue additional grant opportunities for preventive maintenance and other purposes that will shift additional labor costs from operations to capital (ongoing).

27. Eliminated Lifetime Pass for customers 75 and older effective 9-1-09, grandfathering in current pass holders.

28. Increased Paratransit Monthly Pass from $100 to $125.

29. Adopted fare structure adjustments (Increases to single fare, elimination of future Lifetime passes, creation of “Super Senior” discount, elimination of transfers, elimination of central city and shuttle fares) effective 9/1/09.

30. Board adopted service reductions on 9/6/09.

31. Board approved 3 parking lot pilot program to charge $1 per day for parking or $15 for a monthly parking permit. Estimated revenue >$300,000 annually in parking fees.

32. Board approved expanded advertising program to include “King Kong” ads on buses in FY 2010 for additional revenue.

33. Board approved installing drink vending machines at light rail stations. RT will receive 25¢ per drink in revenue.

Attachment 3

Sacramento Regional Transit District
FY 2010 - FY 2011 Operating Budget Worksheet

Funding Source	2010 Operating Budget	2010 Forecast	2011 Proposed Budget	Variance $	Variance %	
FY 2009 Estimated Carry Over Funds	$ 3,770,763	$ 5,883,428	$ -	$ (5,883,428)	-100.0%	1
Fare Revenues						
Cash Fares	13,777,558	10,687,564	10,987,564	300,000	2.8%	
Prepaid Sales	26,742,782	22,187,205	22,787,205	600,000	2.7%	
Special Fares (Los Rios, CSUS, Natomas, etc.)	1,616,108	1,592,215	1,592,215	-	0.0%	
Transfer Agreements	(1,100,000)	(1,386,447)	(1,386,447)	-	0.0%	
Folsom Contract change	-	-	(500,000)	(500,000)	N/A	2
Commissions	(36,000)	(9,078)	(9,078)	-	0.0%	
SubTotal - Fare Revenues	**41,000,448**	**33,071,459**	**33,471,459**	**400,000**	**1.2%**	
Other RT Revenues						
Advertising	1,314,000	1,150,000	1,150,000	-	0.0%	
Investments	550,000	150,956	300,000	149,044	98.7%	
Real Estate						
Commercial	366,000	364,170	366,000	1,830	0.5%	
Park N Ride Parking	136,500	150,000	400,000	250,000	N/A	3
Miscellaneous Income	1,779,292	1,133,663	279,292	(854,371)	-75.4%	4
SubTotal - Other RT Revenues	**4,145,792**	**2,948,789**	**2,495,292**	**(453,497)**	**-15.4%**	
Local / Measure A						
Measure A - RT General	28,210,659	23,667,430	20,353,990	(3,313,440)	-14.0%	5
Measure A - RT General Redirected from COPS		1,000,000		(1,000,000)		
SubTotal - Local/Measure A	**28,210,659**	**24,667,430**	**20,353,990**	**(4,313,440)**	**-17.5%**	
Transportation Development Act (TDA)						
Local Transportation Fund	28,183,319	25,842,243	22,224,329	(3,617,914)	-14.0%	6
State Transit Assistance (incl. Prop 42)	-	-	-	-	N/A	
SubTotal - TDA	**28,183,319**	**25,842,243**	**22,224,329**	**(3,617,914)**	**-14.0%**	
Contracted Services						
Folsom - Light Rail	971,400	971,400	1,471,400	500,000	51.5%	7
Citrus Heights	2,204,510	1,984,059	1,706,201	(277,858)	-14.0%	
Elk Grove	596,633	596,633	596,633	0	0.0%	
SubTotal - Contracted Service Areas	**3,772,544**	**3,552,092**	**3,774,234**	**222,142**	**6.3%**	
Federal						
Jobs Access/Reverse Commute	483,148	483,148	483,148	-	0.0%	
ARRA	7,683,618	7,182,388		(7,182,388)	-100.0%	8
Section 5307 Urbanized Area Formula	18,793,000	18,793,000	16,280,540	(2,512,460)	-13.4%	9
Section 5309 Fixed Guideway	4,755,809	4,755,809	4,755,809	-	0.0%	
SubTotal - Federal	**31,715,575**	**31,214,345**	**21,519,497**	**(9,694,848)**	**-31.1%**	
Total Revenues	**$ 140,799,100**	**$ 127,179,787**	**$ 103,838,801**	**$ (23,340,986)**	**-18.4%**	
Current Estimated *Revenue* Shortfall Year-to-Year		**$ 13,619,313**	**$ 23,340,986**	**$ 36,960,298**	**-Combined**	
Projected Operating Expenditures Over/(Under) Budget Before SC		**$ (688,871)**	**$ -**			10
Sub-Total Estimated Shortfall Before SC		**$ 12,930,442**	**$ 23,340,986**	**$ 36,271,427**	**-Combined**	
					11 & 12	

Notes

1 Assumes additional $2.0M in carryover in FY 2010, and NO carryover funds for FY 2011
2 Assumes Fare Revenue sharing with Folsom according to the contract amendment
3 Assumes continuation of Pilot Park-N-Ride program at three stations
4 Assumes elimination of CNG tax rebate effective 12-31-09 and no continuation in 2011.
5 Assumes 15% reduction in FY 2010 and 14% reduction in FY 2011
6 Assumes $2.3 million reduction in FY 2010 and additional 14% reduction in FY 2011
7 Assumes increased payment due to Fare Revenue sharing agreement
8 Assumes NO stimulus for FY 2011
9 Assumes reduction in 5307 based on TCC funding recommendations for Sacramento urbanized area
10 Assumes ~$2.2 Million in non-labor cuts and ~$800K (net) from 2.5 mos of Admin/Mgmt layoffs
11 Potential exists for receipt of State STA funds from FY 2007-2008 lawsuit, or restructuring of PTA account Statewide
12 Potential exists for second round of Federal Stimulus Funding which could mean $2 - $3 million in 2010; $10.5 million in 2011

Attachment 4

SACRAMENTO REGIONAL TRANSIT DISTRICT

FY 2010 OPERATING BUDGET RE-BALANCING STRATEGIES SUMMARY AS OF 2-16-2010

	Adopted Budget Aug 24, 2009	(+)(-)	(+)(-)	(+)(-)	(+)(-)	(+)(-)	NET CHANGE	REVISED
REVENUES								
Fare Revenue	$ 41,000,448	(7,928,989) [1]					(7,928,989)	$ 33,071,459
Contracted Services	3,772,544	(220,452) [2]					(220,452)	3,552,092
Other Income	4,145,792	(551,374) [3]	(750,000) [4]	104,371 [5]			(1,197,003)	2,948,789
Carryover	3,770,763	2,112,665 [6]					2,112,665	5,883,428
Local Subsidy	56,393,978	(2,341,075) [7]	(4,543,229) [8]	1,000,000 [9]			(5,884,304)	50,509,674
Federal Subsidy	31,715,575	(501,230) [10]					(501,230)	31,214,345
Total	$ 140,799,100						(13,619,313)	$ 127,179,787
EXPENDITURES								
Salaries & Benefits	$ 89,865,860	2,330,630 [11]	500,000 [13]	(700,000) [14]	119,582 [15]		2,250,212	$ 92,116,072
Professional Services	23,372,267	(1,681,003) [12]					(1,681,003)	21,691,264
Materials & Supplies	9,161,625	(644,163) [12]					(644,163)	8,517,462
Utilities	5,574,200	(142,399) [12]					(142,399)	5,431,801
Insurance & Liability	10,363,118	- [12]					-	10,363,118
Other Expenses	2,462,030	(471,518) [12]	[12]				(471,518)	1,990,512
Total	$ 140,799,100						(688,871)	$ 140,110,229
							(Shortfall)/Balance	**$ (12,930,442)**

Revision Descriptions

1 Fare Revenue shortfall
2 Decrease in Citrus Heights LTF funding
3 Decrease in Investment and Advertising Revenue
4 Decrease in CNG Rebate - Expired 12/31/09
5 One-time Natural Gas Anti-trust case settlement
6 Increase in FY 2009 carryover funds as a revenue source for FY 2010
7 Reduction in LTF due to lower than expected taxable sales per SACOG as of 2/2/2010
8 15% reduction in Measure A
9 Interest income from COPs to pay for COPs (one time revenue to close out fund)
10 Adjustment to FY 2010 ARRA Operating Assistance
11 Costs attributable to (ATU, IBEW, AFSCME) labor unions inability to provide zero-based concessions for FY 2010 Budget.
12 Changes to reflect FY 2010 expenditure forecast before GM cuts.
13 Adjustment for over allocation of indirect cost as determined by FTA Auditors
14 Estimated 2.5 months savings from Administrative/Management layoffs after accrual payouts, net of unemployment impacts.
15 Adjustments to salary and benefits attributable to cost overruns in unemployment benefits and overtime

Attachment 5

18 Month Rebalancing Plan Worksheet

Carryover Shortfall from FY 2010 (includes Labor Union concessions necessary for FY 2010)	$ 12,930,442
Estimated non-labor operating for FY 2011	41,105,174
Estimated FY 2011 labor budget with first phase Admin Layoffs before Service Cuts	83,887,168
Sub-total	$ 137,922,784
Less necessary labor union concessions for 2010	(2,330,630) *
Less necessary labor union concessions for 2011	(6,194,461) *
Sub-total	$ 129,397,693
Estimated FY 2011 Revenue	(103,838,801)
Short-Fall Sub total	$ 25,558,892
Estimated Later Phases of Admin Layoffs in FY 2011 based on 10/12ths of a year	(580,000)
First cut at service level cuts needed	**$ 24,978,892**

*Labor negotiations have been underway since April 2009 to come to zero-over-base agreements. AEA and MCEG have negotiated zero-over-base agreements for FY 2010 & FY 2011; ATU, IBEW, and AFSCME are still in negotiations with RT.