

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	03/28/11	Open	Information	03/18/11

Subject: FY 2012 Operating Budget Information Update

ISSUE

To receive an informational update on FY 2012 Preliminary Operating Budget.

RECOMMENDED ACTION

None, Information item only.

FISCAL IMPACT

None as a result of receiving this report.

DISCUSSION

On February 28, 2011, the Board discussed budget priorities in the event revenues exceeded expenditures in FY 2012. The priorities discussed included: (1) reserves, (2) service restoration, (3) investment in personnel, (4) improve internal services such as weed abatement, graffiti removal, etc., and (5) capital funding. Most Board members expressed that the FTA's South Line requirement for RT to develop operating and capital reserves is a priority.

Budget discussions with RT's executive management team (EMT) began on March 3rd with a thorough review of FY 2011 YTD revenues and expenditures with preliminary FY 2012 projections for the non-labor operating budget and the list of approved and funded positions for FY 2012. Revisions to the projected budgets and changes in staffing requests were received on March 17th. Staff prepared new projections for the next round of full EMT budget discussions on March 22nd. The preliminary projections for labor and fringe benefits include all labor group concessions expected in FY 2012.

Revenues are continuously monitored and projections updated as new information is received. Sales tax receipts county-wide were posted on March 18th. The report indicated that while slightly below prior year for the month, YTD receipts remain near 5% over last year at 4.72%. One half of projected State Transit Assistance (STA) revenues has been incorporated into the operating budget as available revenues while the other half has been set aside in a reserve account pending the final determination by the Legislature on the disposition of STA revenues, which are somewhat at risk, under Propositions 22 and 26. Total projections are \$8.6 million; accordingly, \$4.3 million has been designated as temporary reserves for budget planning purposes.

Major cost drivers in the FY 2012 Operating Budget are the same as in previous years. Estimates are based on the current level of service with potential increases in both security and paratransit services, although the exact amounts are still under discussion.

BUDGET SCHEDULE

Approved:

Presented:

Final 3/21/11

General Manager/CEO

Director, Office of Management and Budget

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- 4/11/11 Informational Update to the Board on the FY 2012 Operating Budget Development and Integration of Board Priority Setting Results
- 4/25/11 Authorizing Staff to Release the FY 2012 Operating and Capital Budgets and Notice of a Public Hearing for May 23, 2010
- 5/23/11 Accepting Public Comment on Proposed FY 2012 Budgets and Continue Public Hearing to June 27, 2010
- 6/27/11 Accept Public Comment on the Proposed FY 2012 Operating and Capital Budgets; and Adopt the FY 2012 Operating and Capital Budgets