

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
20	05/23/11	Open	Action	05/10/11

Subject: Accepting Public Comment on Proposed FY 2012 Budget

ISSUE

Accept public comment on Proposed FY 2012 Budget.

RECOMMENDED ACTION

- A. Accept Public Comment on the Proposed FY 2012 Budget; and
- B. Motion: To Continue the Public Hearing to June 27, 2011

FISCAL IMPACT

None as a result of the public hearing.

DISCUSSION

The Proposed Fiscal 2012 Budget was released for public review on April 25, 2011. The public hearing notice was published in The Sacramento Observer; the Daily Recorder; Daily Journal; Nichi Bei Weekly; and the Sacramento Gazette. Through this process, the public is offered an opportunity to express opinions regarding the proposed FY 2012 Budget (Attachment 1). As of this date, no emails, calls or letters have been received on the budgets, however, Finance staff made a budget presentation to the Mobility Advisory Council (MAC) on May 5, 2011. Members of the MAC had many financial questions that were answered by RT staff. Also, on May 6, 2011, RT's monthly on-line transit talk with the General Manager/CEO was hosted by RT's Chief Financial Officer. The topic was the FY 2012 Budget and general transit questions. A number of budget questions were asked in this forum and posted on the RT website, which offered an additional opportunity for public review of budget information. Staff will report any additional public comment or inquiries received between Board meetings on June 27, 2011, when, following the next period for public comment, staff will recommend that the Board close the public hearing and adopt the FY 2012 Operating and Capital budgets.

Although staff continues to monitor revenues and refine expenditure projections, no changes to the proposed FY 2012 Operating or Capital Budgets that were released for the 60-day public review have been made.

OPERATING REVENUES

Table 1 on page two shows RT's preliminary operating revenues for FY 2012. Detailed descriptions for key revenues and assumptions are included in Attachment 1, the FY 2012 Abridged Budget on pages 12 to 14. As previously stated, the numbers have not changed since the last Board presentation.

Approved:

Presented:

Final 5/16/11

General Manager/CEO

Chief Financial Officer

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Table 1
Sacramento Regional Transit District
FY 2012 Operating Revenue Comparison
(Dollars in thousands)

Revenue Categories	FY 2009	FY 2010	FY 2011	FY 2011	FY 2012	FY 2012 Budget to FY 2011 Forecast	
	Actual	Actuals	Budget	Forecast	Budget	Variance	Percent
Carryover-prior year	\$ -	\$ -	\$ -	\$ 1,556	\$ 1,220	\$ (336)	(21.6%)
Federal	30,309	30,914	21,236	22,236	24,215	1,979	8.9%
State & Local	70,725	58,134	57,358	60,011	64,986	4,975	8.3%
Fares	32,571	30,864	29,801	29,801	30,877	1,076	3.6%
Contracted Services	4,311	4,599	4,466	4,738	4,506	(232)	(4.9%)
Other	3,409	2,962	4,195	4,095	3,445	(650)	(15.9%)
Total Revenue	\$ 141,325	\$ 127,473	\$ 117,056	\$ 122,437	\$ 129,249	\$ 6,812	5.6%
Reserve	-	-	-	-	(5,592)	(5,592)	n/a
Operating Revenue	\$ 141,325	\$ 127,473	\$ 117,056	\$ 122,437	\$ 123,657	\$ 1,220	1.0%

OPERATING EXPENDITURES

Table 2 provides actual expenditures for FY 2010, FY 2011 year-end projections and the preliminary budget for FY 2012. Detailed descriptions for key expenditures categories and assumptions are included Attachment 1, the FY 2012 Abridged Budget on pages 15 to 17. As previously stated, the numbers have not changed since the last Board presentation.

Table 2
Sacramento Regional Transit District
FY 2012 Operating Expenditure Comparison
(Dollars in thousands)

Expense Categories	FY 2009	FY 2010	FY 2011	FY 2011	FY 2012	FY 2012 Budget to FY 2011 Forecast	
	Actual	Actuals	Budget	Forecast	Budget	Variance	Percent
Salaries & Benefits	\$ 89,845	\$ 90,548	\$ 78,040	\$ 79,537	\$ 80,449	\$ 912	1.1%
Professional Services	25,643	22,511	19,115	19,088	19,569	481	2.5%
Materials & Supplies	9,848	9,128	7,490	7,469	7,643	174	2.3%
Utilities	5,545	5,531	5,638	5,791	5,986	195	3.4%
Insurance & Liability ¹	7,104	2,286	6,421	7,754	8,073	319	4.1%
Other Expenses	2,054	1,728	1,908	1,578	1,937	359	22.7%
Expense	\$ 140,039	\$ 131,732	\$ 118,612	\$ 121,217	\$ 123,657	\$ 2,440	2.0%
FY 2010 Carryover			(1,556)				
Total Expenses	\$ 140,039	\$ 131,732	\$ 117,056	\$ 121,217	\$ 123,657	\$ 2,440	2.0%

¹ The FY 2010 actual costs for the Insurance & Liability category is \$2.3 million is much lower than the FY 2011 projected costs and FY 2012 preliminary budget due to the fact that in FY 2010 the claim reserves for worker's compensation accruals were adjusted and it was determined by RT's new actuaries that reserves and liabilities for these reserves

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were overly conservative, thus the actuary's reduced the claim reserves requirement which reduced expenses in FY 2010. This was a one-time event and no such adjustment is expected in the current year or future years.

FINANCIAL FORECAST FOR OPERATIONS

Table 3 below is an excerpt from RT's larger Financial Forecasting Model (FFM) that gives a longer look forward than the annual budget. The FFM uses the current or proposed Fiscal Year budget, in this case, FY 2012, as the base for future year projections up to FY 2016. The expense forecast reflects the service level changes noted below the tables and adjustments for inflation.

Table 3
Revenue and Expense Forecast
(Dollars in thousands)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<u>Operating Revenue</u>					
Fares	\$ 30,877	\$ 33,969	\$ 36,637	\$ 45,254	\$ 48,614
Contracted Services	4,506	4,643	4,787	5,026	5,280
State & Local	64,986	65,301	67,475	70,954	75,255
Federal	24,215	27,224	28,665	31,098	35,119
Other	3,445	4,123	4,232	4,373	4,478
Carryover	1,220				
Total Operating Revenue	129,249	135,260	141,796	156,705	168,746
<u>Operating Expenses</u>					
Labor & Fringes	80,449	84,492	90,299	99,388	107,046
Professional Services	19,569	20,552	21,965	24,176	26,039
Materials & Supplies	7,643	8,027	8,579	9,442	10,170
Utilities	5,986	6,287	6,719	7,395	7,965
Casualty & Liability	8,073	8,479	9,061	9,974	10,742
Other	1,937	2,034	2,174	2,393	2,577
Total Operating Expenses	123,657	129,872	138,798	152,769	164,539
Reserve	5,592	5,388	2,998	3,936	4,208
Cumulative Reserve	\$ 5,592	\$ 10,980	\$ 13,978	\$ 17,914	\$ 22,122

Service Plan Forecast
(Revenue Hours)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Fixed Route Bus	485,560	495,271	510,129	541,272	568,016
Community Bus Service	14,264	16,567	19,241	22,347	25,955
Light Rail	199,121	209,471	221,729	236,019	243,104

Assumptions

Green line to Richards Blvd. starts on September 1, 2011
 Sunrise to St. Rose peak service starts on January 1, 2013
 South Line Phase 2 starts on December 1, 2014
 Watt/I-80 to 13th St. peak service starts on January 1, 2017

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Light Rail and Bus service will be restored from 2013 through 2017

CAPITAL BUDGET

The potential new capital funding for the FY 2012 is outlined below in Table 4. Details on the capital budget and explanations of project categories are included on pages 20 to 21 in Attachment 1, the FY 2012 Abridged Budget.

Table 4
Capital Improvements By Category
 (in Thousands)

Category	FY 2012 Proposed	
System Expansion	\$ 28,192	78.6%
Infrastructure	3,515	9.8%
Facilities	719	2.0%
Transit Technologies	1,132	3.2%
Planning & Studies	205	0.6%
Other Programs	2,108	5.9%
Total	\$ 35,871	100%

FUTURE BUDGET EVENTS:

- June 27, 2011 - Continue Public Hearing and Board Adoption
- July 1, 2011 - Start of the new fiscal year



Sacramento Regional Transit District

**Abridged Budget
Fiscal Year 2011-2012**

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Board of Directors

Don Nottoli, Chair
County of Sacramento

Bonnie Pannell, Vice Chair
City of Sacramento

Steve Miller
City of Citrus Heights

Steve Cohn
City of Sacramento

Phil Serna
County of Sacramento

Angelique Ashby
City of Sacramento

Pat Hume
City of Elk Grove

Roberta MacGlashan
County of Sacramento

Andy Morin
City of Folsom

David Sander, Ph.D.
City of Rancho Cordova

Darrell Fong
City of Sacramento

Board of Directors Alternates

Steve Detrick
City of Elk Grove

Robert McGarvey
City of Rancho Cordova

Mel Turner
City of Citrus Heights

Executive Team

Mike Wiley
General Manager/CEO

Bruce Behrens
Chief Legal Counsel

Dee Brookshire
Chief Financial Officer

RoseMary Covington
Assistant General Manager of Planning and Transit System Development

Dan Bailey
Chief Administrative Officer/EEO Officer

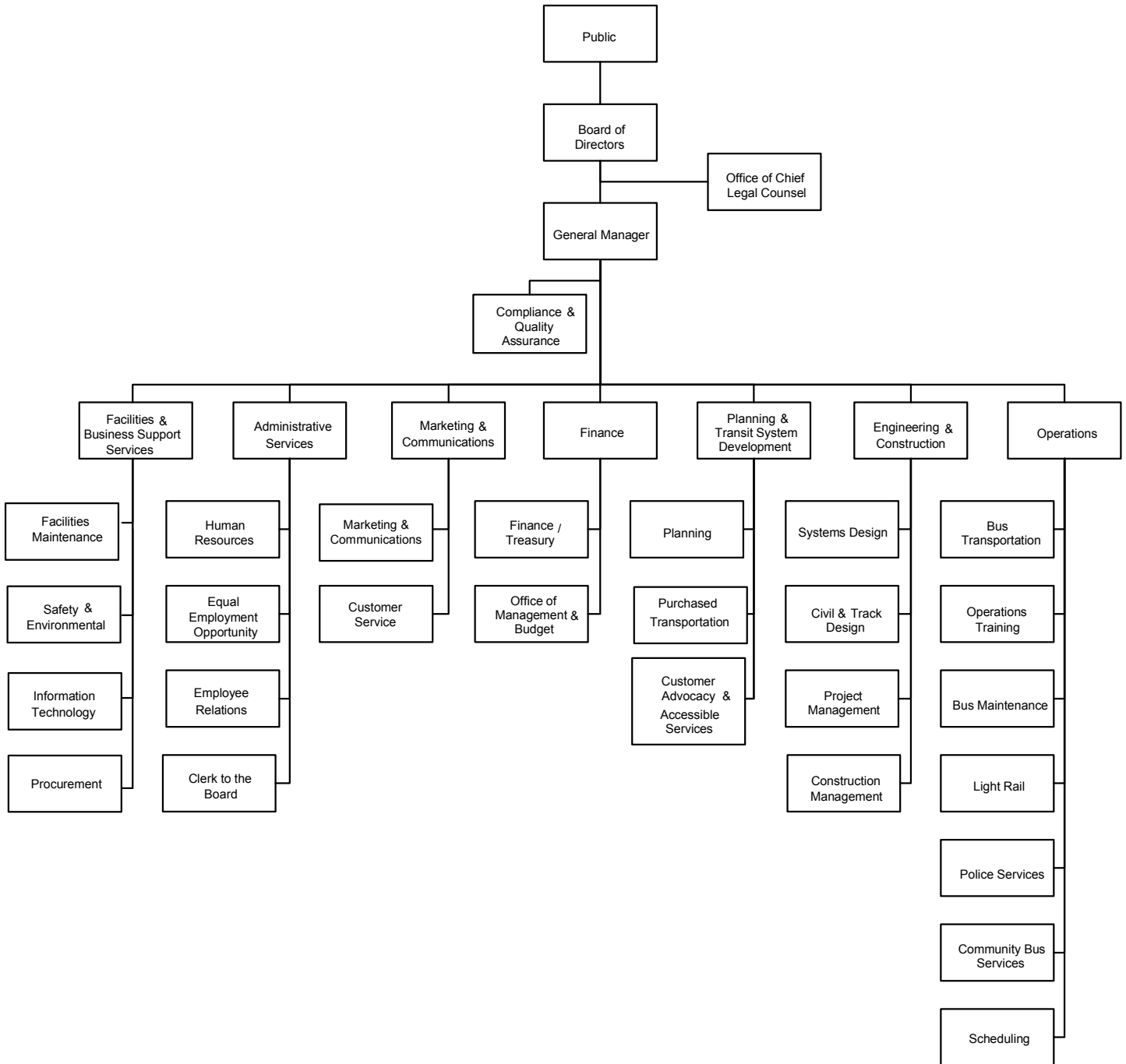
Mark Lonergan
Chief Operating Officer

Alane Masui
Assistant General Manager of Marketing and Communications

Mike Mattos
Chief of Facilities and Business Support Services

Diane Nakano
Assistant General Manager of Engineering and Construction

Organizational Structure



District Profile

Facts

<i>Sacramento Regional Transit District</i>	Constructs, operates, and maintains a comprehensive mass transportation system that serves 418 square miles in Sacramento County
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<i>Bus Service</i>	
Power	Compressed Natural Gas, Diesel, Gasoline
Routes	65
Schedule	4:38 am to 9:46 pm daily
Stops	3,500
Vehicles	212 CNG buses; 4 CNG replica "trolleys"; 14 shuttle vans; 3 29' diesel buses
Annual Ridership	13,850,000

<i>Light Rail Service</i>	
Power	Electrical
Miles	36.89
Schedule	3:50 am to 10:38 pm daily
Stops	48
Vehicles	76
Annual Ridership	13,150,000

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

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

<i>History</i>	
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's Strategic Plan summary of Mission, Vision, Values, and Goals are on the following page and 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. The strategic plan is currently under review and will updated in the near future.

Strategic Plan, cont.

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.

Our Vision

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 Values

- Financial Sustainability
- Customer Service
- Regional Leadership
- Quality Workforce
- Ethical and Sound Business Practices

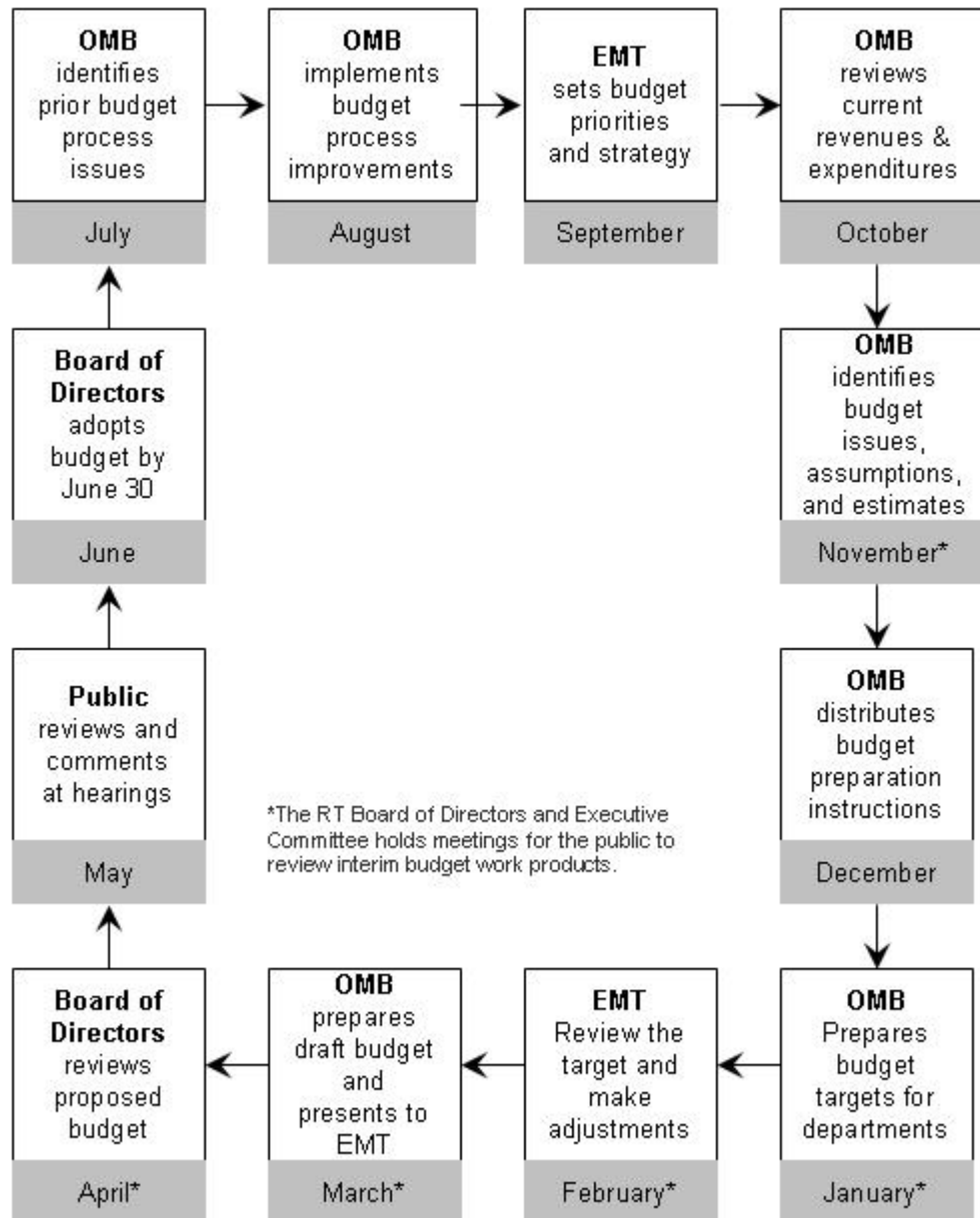
Our Goals

1. Secure the financial means to deliver our services and programs.
2. Provide total quality customer service.
3. Create a “World Class” regional transit system.
4. Be a great workplace, attract and retain a qualified, talented and committed workforce.
5. Conduct our business in a sound and ethical matter.



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.



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 2011 and for FY 2012 is shown in the table below. A detailed FY 2012 Schedule of Weighted Voting is shown on the next page.

Vote Shares By Jurisdiction

Jurisdiction	Status	Shares - FY 2011 Budget	Shares – FY 2012 Proposed
County of Sacramento	Annex	42	41
City of Sacramento	Annex	36	37
City of Rancho Cordova	Annex	9	9
City of Citrus Heights	Contract	5	6
City of Elk Grove	Contract	5	4
City of Folsom	Contract	3	3
Total		100	100



Voting System, cont

Fiscal Year 2012 Schedule of Weighted Voting Distribution
Base Values*

		<u>Federal Financial Information</u>						
Code Section:								
102205(b)(6)	<u>FY 11 Federal Funds Available in the Sacramento MSA</u>	29,355,809						
102205(b)(7)	<u>Allocation of Federal Funds to jurisdictions other than RT</u>	4,919,760						
102205(b)(8)	<u>FY 11 Federal Funds Available for use in RT Service Area:</u>	24,436,049						
		<u>Jurisdiction Specific Values</u>						
		City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:
102205(b)(10)	<u>Population:**</u>	486,189	567,700	62,899	88,115	71,453	143,885	1,420,241
	<u>Proportionate Population:</u>	34.23%	39.97%	4.43%	6.20%	5.03%	10.13%	100.00%
	<u>Member:</u>	Yes	Yes	Yes	No	No	No	
102100.2, 102100.3		4	3	1	1	1	1	11
	<u>Federal Funds Attributed to Entity (Total Federal Funding x Share of Population):</u>	8,365,156	9,767,599	1,082,213	1,516,068	1,229,389	2,475,623	24,436,049
102105.1(d)(2)(D)								
102105.1(d)(2)(A), 102205(b)(3)	<u>FY 12 State TDA Funds Made Available to RT:</u>	15,254,597	17,134,767	1,971,686	0	0	0	34,361,050
102105.1(d)(2)(B), 102205(b)(4)	<u>FY 12 Funds Provided Under Contract:</u>	0	0	0	2,698,768	1,342,207	215,000	4,255,975
102105.1(d)(2)(C), 102205(b)(5)	<u>FY 12 Other Local Funds</u>	0	0	0	0	0	0	0
102105.1(d)(2)	<u>Total Financial Contribution:</u>	23,619,753	26,902,366	3,053,899	4,214,836	2,571,596	2,690,623	63,053,074
102105.1(d)(2)	<u>Proportionate Financial Contribution:</u>	37.46%	42.67%	4.84%	6.68%	4.08%	4.27%	100.00%
		<u>Voting Calculation</u>						
		City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:
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>	31.8411	36.2663	4.1169	5.6819	3.4667	3.6271	85.0000
102105.1(d)(3)	<u>Total Shares:</u>	36.8411	41.2663	9.1169	5.6819	3.4667	3.6271	100.0000
102105.1(d)(4)(i)	<u>Shares After Rounding:</u>	37	41	9	6	3	4	100
102105.1(d)(4)(i), 102105.1(d)(4)(ii)	<u>Share Adjustment (To Ensure 100 Shares):</u>	37	41	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	13	9	6	3	4	
	Member 2	10	14	9	6	3	4	
	Member 3	9	14	N/A	N/A	N/A	N/A	
	Member 4	9	13	N/A	N/A	N/A	N/A	
	Member 5	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>	37	41	9	6	3	4	100

* In addition to the funding sources set forth below, RT projects following funds for operating purposes: \$29,352,610 - Measure A

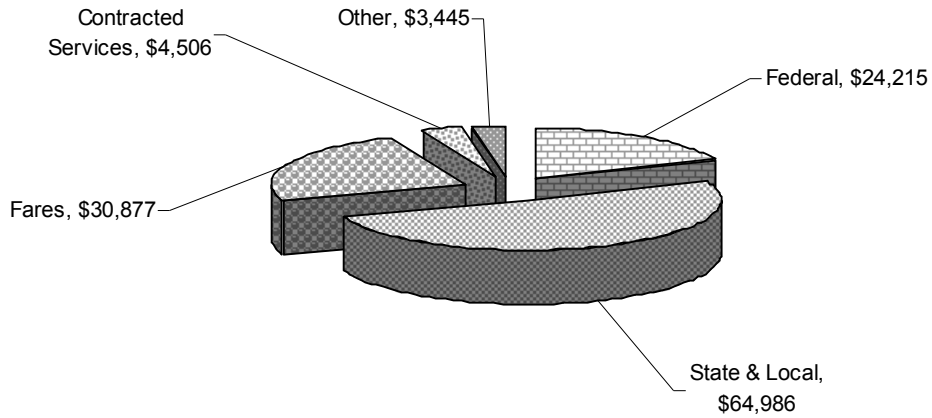
** Population as measured by the population statistics used by SACOG to allocate TDA funds for the same fiscal year for which the budget is adopted.

*** 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)



Operating Revenue By Funding Source

(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Actuals	FY 2011 Budget	FY 2011 Forecast	FY 2012 Budget	FY 2012 Budget to FY 2011 Forecast	
						Variance	Percent
Carryover-prior year	\$ -	\$ -	\$ -	\$ 1,556	\$ 1,220	\$ (336)	(21.6%)
Federal	30,309	30,914	21,236	22,236	24,215	1,979	8.9%
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Total Revenue	\$ 141,325	\$ 127,473	\$ 117,056	\$ 122,437	\$ 129,249	\$ 6,812	5.6%
Reserve	-	-	-	-	(5,592)	(5,592)	n/a
Operating Revenue	\$ 141,325	\$ 127,473	\$ 117,056	\$ 122,437	\$ 123,657	\$ 1,220	1.0%

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 FY 2012 Preliminary Budget proposes \$24.2 million in federal funding, an increase of \$2.0 million (8.9%) from the FY 2011 Forecast of \$22.2 million.
- Section 5309 Fixed Guideway federal funding is projected to increase by \$2.0 million due to South Line Phase I light rail segment reaching seven year anniversary.

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 FY 2012 Preliminary Budget proposes \$65.0 million in state and local funding revenue, an increase of \$5.0 million (8.3%) from the FY 2011 Forecast of \$60.0 million.
- This reflects a 1.0% or \$0.3 million increase in Measure A revenue from FY 2011 Forecast.
- This reflects a 1.0% or \$0.3 million increase in the LTF funding from FY 2011 Forecast.
- This also reflects an increase in STA funding of \$4.4 million assuming full STA allocation currently included in the Governor's budget for FY 2012.

Fares

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

- The FY 2012 Preliminary Budget proposes \$30.9 million in fare revenue, an increase of \$1.1 million (3.6%) from the FY 2011 Forecast (\$29.8 million).
- This reflects a slight increase in ridership projections due to Green Line opening in September of 2011.
- RT ridership and fare revenue are projected to increase due to gasoline prices over \$4.00 per gallon and still rising, and the elimination of the State Furlough Fridays.

Revenues, cont.

Contracted Services

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

- The FY 2012 Preliminary Budget proposes \$4.5 million in Contracted Services revenue, a decrease of \$0.2 million (-4.9%) from the FY 2011 Forecast (\$4.7 million).
- This reflects a decrease of \$0.2 million in the Elk Grove Contract.

Other

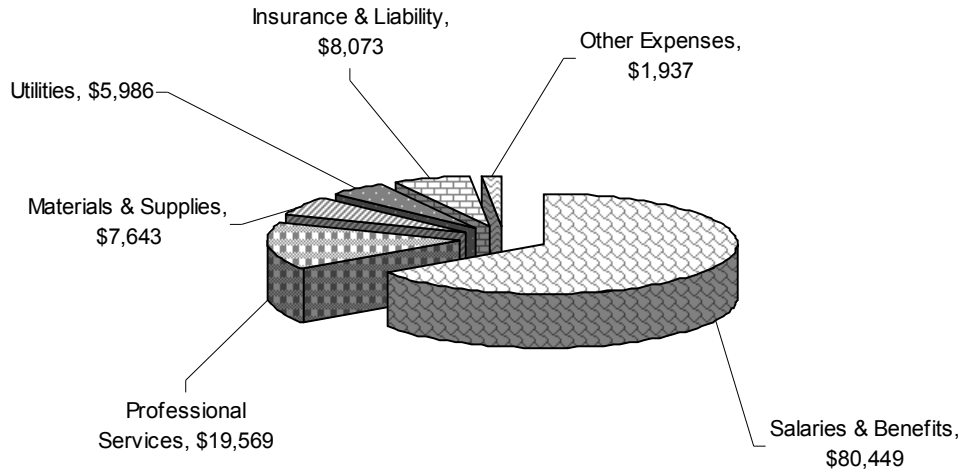
This category includes investment income, commercial real estate leases, advertising income, bus book sales, fare evasion fines, promotional item sales, photo identification activities, and parking revenue.

- The FY 2012 Preliminary Budget proposes \$3.4 million in other revenue, a decrease of \$0.7 million (-15.9%) from the FY 2011 Forecast (\$4.2 million).
- This reflects a reduction in CNG tax rebate of \$0.7 million.
- FY 2011 Forecast includes 18 months of CNG tax rebate, FY 2012 Preliminary Budget includes 12 months of tax rebate.

Expenses

Operating Expenses by Expense Category

(Dollars in Thousands)



Operating Expenses By Expense Category

(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Actuals	FY 2011 Budget	FY 2011 Forecast	FY 2012 Budget	FY 2012 Budget to FY 2011 Forecast Variance	FY 2012 Budget to FY 2011 Forecast Percent
Salaries & Benefits	\$ 89,845	\$ 90,548	\$ 78,040	\$ 79,537	\$ 80,449	\$ 912	1.1%
Professional Services	25,643	22,511	19,115	19,088	19,569	481	2.5%
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Utilities	5,545	5,531	5,638	5,791	5,986	195	3.4%
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Expense	\$ 140,039	\$ 131,732	\$ 118,612	\$ 121,217	\$ 123,657	\$ 2,440	2.0%
FY 2010 Carryover			(1,556)				
Total Expenses	\$ 140,039	\$ 131,732	\$ 117,056	\$ 121,217	\$ 123,657	\$ 2,440	2.0%

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 FY 2012 Preliminary Budget proposes \$80.4 million for salaries and benefits, an increase of \$0.9 million (1.1%) from the FY 2011 year-end projections (\$79.5 million).
- Labor decreased by \$0.9 million (1.5%) from the FY 2011 year-end projections (\$48.1 million). This saving is associated from ATU and IBEW labor union concessions.
- Fringe Benefits increased by \$2.2 million (6.1%) from the FY 2011 year-end projections (\$36.1 million). This increase is associated from a \$2.1 million (19.8%) increase in pension costs, a \$0.4 million decrease in medical, and a \$0.3 million increase in Other Post Employment Benefits (OPEB) for ATU and IBEW transition to CalPERS.
- The Fiscal Year 2012 Proposed Budget includes 931 Board authorized positions, an increase of 2 positions from the Fiscal Year 2011 Revised Budget (929 positions). This is a result of elimination of 6 laid off positions from Fiscal Year 2011 and addition of 3 new positions to the authorized position list, which will be part of the Budget approval process. In addition, there are 4 operator positions included in the FY 2012 budget for the opening of the Green Line to the River District in September 2011. Out of 931 authorized positions, 917 positions are fully or partially funded in the FY 2012 Proposed Budget.

Professional Services

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

- The FY 2012 Preliminary Budget proposes \$19.6 million for Professional Services, an increase of \$0.5 million (2.5%) from the FY 2011 Year-end projections of \$19.1 million.
- This reflects an increase in purchased transportation (Paratransit) of \$0.17 million, an increase of \$0.16 million for bridge repair, an increase of \$0.1 million for light rail profile corrections and maintenance (grinding) and other miscellaneous items.

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 FY 2012 Preliminary Budget proposes \$7.64 million for materials and supplies, an increase of \$0.17 million (2.3%) from the FY 2011 Year-end projections of \$7.47 million.
- This reflects increases in fuel categories.

Expenses, cont.

Utilities

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

- The FY 2012 Preliminary Budget proposes \$6.0 million for Utilities, an increase of \$0.2 million (3.4%) from the FY 2011 Year-end projections (\$5.8 million).
- This reflects an increase in Light Rail Traction costs due to Kwh rate change and an increase in Natural Gas cost.

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 FY 2012 Preliminary Budget proposes \$8.1 million for casualty and liability insurance, an increase of \$0.3 million (4.1%) from the FY 2011 Year-end projections (\$7.8 million).
- This reflects a reduction in insurance claim reimbursement expectations for FY 2012 compared to very high FY 2011 projection for insurance claim reimbursements. These reimbursements are credited to departmental operating costs.

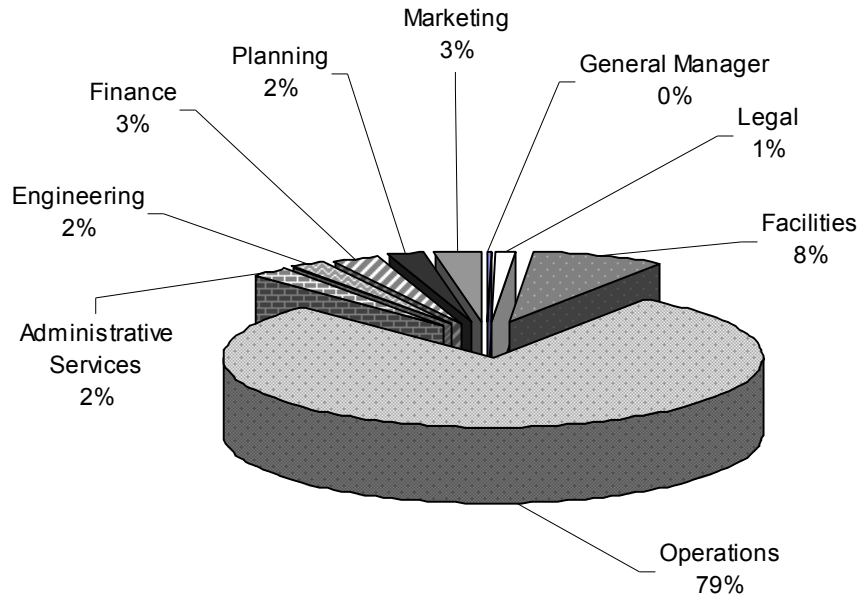
Other

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 FY 2012 Preliminary Budget proposes \$1.94 million for other expenditures, an increase of \$0.36 million (22.8%) from the FY 2011 Year-end projections (\$1.58 million).
- This reflects an establishment of General Manager's Contingency in the amount of \$0.25 million. Year-end projections assume that the funds allocated to the GM Contingency in FY 2011 will be fully expended, and a new reserve should be reestablished to cover FY 2012 uncertainties.

Positions

The Fiscal Year 2012 Preliminary Budget proposes 931 Board authorized positions, an increase of 2 positions from the Fiscal Year 2011 Revised Budget (929 positions). Out of 931 authorized positions, 917 positions are fully or partially funded in the FY 2012 Preliminary Budget.



Division	FY 2009 Budget	FY 2010 Budget	FY 2011 Revised	FY 2012 Authorized	FY 2012 Funded
General Manager	6	6	2	2	2
Legal	10	10	10	10	10
Facilities	95	95	73	75	74
Operations	933	905	722	726	719
Administrative Services	30	30	23	21	20
Engineering	44	44	25	22	21
Finance	32	32	25	26	25
Planning	43	42	22	22	21
Marketing	40	40	27	27	25
Total	1,233	1,204	929	931	917

Capital Improvement Plan

This following table represents the Capital Budget spending plan for the FY 2012 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 2012 and 2016, and beyond to 2042.

The FY 2012 Budget includes projects focused on the following capital priorities:

System Expansion:

- Blue Line to Cosumnes River College
- Green Line to the River District (GL-1)

Fleet Program:

- UTDC Light Rail Vehicle Retrofit

Infrastructure Program:

- Light Rail Crossing Enhancements

Facilities Program:

- Bus Maintenance Facility #2 (Phase 1)

Transit Technologies Program:

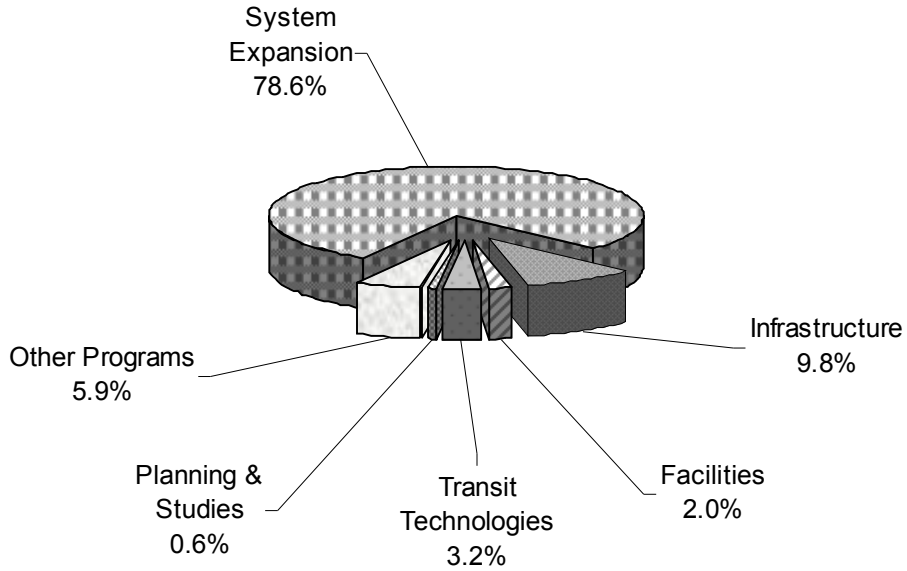
- Light Rail Station Video Surveillance and Recording System

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



(Dollars in Thousands)

Category	FY 2012	
	Proposed	
System Expansion	\$ 28,192	78.6%
Infrastructure	3,515	9.8%
Facilities	719	2.0%
Transit Technologies	1,132	3.2%
Planning & Studies	205	0.6%
Other Programs	2,108	5.9%
Total	\$ 35,871	100%

Capital Improvement FY 2012 Funding Additions

Program	Project Name	Tier	Funded Through FY 2011	FY 2012 Budget Funding	Future Funding Additions	Total Project Cost Through FY 2042
System Expansion Programs						
410	Blue Line to Cosumnes River College	0	\$ 66,786,901	\$ 28,192,099	\$ 175,021,000	\$ 270,000,000
System Expansion Total			66,786,901	28,192,099	175,021,000	270,000,000
Infrastructure Programs						
M002	University/65th Street Transit Center Relocation	0	-	3,515,000	360,000	3,875,000
Infrastructure Program Total			-	3,515,000	360,000	3,875,000
Facilities Programs						
4011	Facilities Maintenance & Improvements	I	2,775,464	718,176	18,082,480	21,576,120
715	Bus Maintenance Facility #2 (Phase 1)	I	25,190,717	1,441	4,588	25,196,746
Facilities Program Total			27,966,181	719,617	18,087,068	46,772,866
Transit Security & Safety						
H022	Messaging Signs - LRT Stations	I	-	846,927	-	846,927
H023	Rail Infrastructure Hardening	I	-	284,909	-	284,909
Transit Security & Safety Total			-	1,131,836	-	1,131,836
Planning / Studies						
New	Bus Stop Handbooks	II	-	175,000	-	175,000
0543	Transit Oriented Development at Power Inn LR Station	I	44,946	30,054	-	75,000
Planning / Studies Total			44,946	205,054	-	250,000
Other Programs						
New	Watt Avenue/Hwy 50 Plan Review	0	-	30,000	-	30,000
G230	Certificates of Participation Payments	I	14,705,429	2,077,783	6,239,313	23,022,525
Other Programs Total			14,705,429	2,107,783	6,239,313	23,052,525
Total			\$ 109,503,457	\$ 35,871,389	\$ 199,707,381	\$ 345,082,227

* All project expenditures are subject to available funding.

Capital Project 2012 Expenditure Plan

Program	Project Name	Tier	Expended Through FY 2011	FY 2012 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2042
System Expansion Programs						
410	Blue Line to Cosumnes River College	I	\$ 27,436,140	\$ 48,500,000	\$ 194,063,861	\$ 270,000,000
230	Northeast Corridor Enhancements (Phase 1)	I	24,645,418	2,326,128	7,528,455	34,500,000
404	Green Line to the River District (GL-1)	0	36,524,473	8,375,750	-	44,900,223
402	Green Line Light Rail Extension	I	15,270,629	2,691,478	1,084,146,893	1,102,109,000
F	Amtrak/Folsom Light Rail Extension	I	267,768,795	773,990	-	268,542,785
System Expansion Total			371,645,454	62,667,346	1,285,739,208	1,720,052,008
Fleet Programs						
651	Siemens Light Rail Vehicle Mid-Life Overhaul	0	7,171,627	2,774,785	-	9,946,412
771	Paratransit Vehicle Replacement (Up to 50)	0	4,547,126	415,602	-	4,962,728
B040	Neighborhood Ride Vehicle Replacement (Gasoline)	II	1,514,317	86,112	19,080,187	20,680,616
B041	Neighborhood Ride Vehicle Replacement (Hybrid)	II	20,724	981,277	3,783,572	4,785,572
G225	Non-Revenue Vehicle Replacement	I	728,457	375,000	39,833,862	40,937,319
P005	Paratransit Vehicle Replacement	0	3,400,000	2,268,345	75,206,714	80,875,059
R001	CAF Light Rail Vehicle Painting	0	-	447,500	547,500	995,000
R085	UTDC Light Rail Vehicle Retrofit and Mid Life Refurbishment	I	862,491	7,765,000	15,271,746	23,899,237
R110	Siemens E & H Ramp Replacement	0	-	661,739	658,261	1,320,000
Fleet Program Total			18,244,741	15,775,360	154,381,842	188,401,943
Infrastructure Programs						
0578	Traction Power Upgrades	0	315,747	575,404	-	891,151
990	Watt Avenue Grade Separation	0	2,287,916	192,084	-	2,480,000
G236	West Citrus Overcrossing OCS Pole Relocation Phase 1	0	102,601	347,399	-	450,000
G237	Across the Top System Modification	0	12,710	37,291	-	50,000
M002	University/65th Street Transit Center Relocation	I	-	1,075,000	2,800,000	3,875,000
R071	A019 Instrument House Improvements	0	10,470	37,485	-	47,955
R170	K Street Streetscape Improvements	0	134,991	2,472	-	137,462
R280	Amtrak-Folsom Limited Stop Service	0	227,494	2,212,030	1,460,476	3,900,000
Infrastructure Program Total			3,091,928	4,479,164	4,260,476	11,831,568
Transit Oriented Development						
0536	Transit Oriented Development at Cemo Circle	0	98,261	1,739	-	100,000
0538	Transit Oriented Development at Butterfield LR Station	0	45,327	4,673	-	50,000
0542	Transit Oriented Development at 13th Street LR Station	0	-	75,000	-	75,000
0543	Transit Oriented Development at Power Inn LR Station	0	26,300	48,700	-	75,000
Transit Oriented Development Total			169,888	130,112	-	300,000
Facilities Programs						
4005	Butterfield/Mather Mills LR Station Rehabilitation	0	55,254	79,235	-	134,489
4007	ADA Transition Plan Improvements	I	312,137	281,221	5,194,642	5,788,000
4011	Facilities Maintenance & Improvements	I	2,091,285	1,206,391	18,278,445	21,576,120
645	Major Light Rail Station Enhancements	I	5,187,088	159,000	43,238,194	48,584,282
715	Bus Maintenance Facility #2 (Phase 1)	I	15,049,830	2,675,239	7,471,678	25,196,746
B134	Fulton Ave. Bus Shelters	0	-	169,435	-	169,435
B135	Citrus Heights Bus Stop Improvements	0	-	541,824	-	541,824
R175	Watt Avenue Station Improvements	0	104,340	208,160	-	312,500
R313	29th Street Light Rail Station Enhancements	0	-	280,500	-	280,500
TE07	Transit Enhancements	0	205,049	15,213	-	220,261
Facilities Program Total			23,004,981	5,616,217	74,182,959	102,804,157
Equipment Programs						
B020	Shop Equipment - Bus	II	-	100,000	3,995,720	4,095,720
Equipment Program Total			-	100,000	3,995,720	4,095,720

Capital Project 2012 Expenditure Plan (cont.)

Program	Project Name	Tier	Expended Through FY 2011	FY 2012 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2042	
Transit Technologies Programs							
1	G155	Farebox Collection / Smart Media Implementation	0	-	-	-	
	964	Trapeze Implementation (TEAMS)	I	1,498,287	666,526	451,906	2,616,718
	966	Information System Maintenance & Expansion	0	205,917	3,262	-	209,179
	G035	Fiber/50-Fig Installation, Maintenance, & Repair	II	188,208	83,350	205,852	477,410
	G045	LR Station Video Surveillance & Recording System	0	1,561,010	2,338	-	1,563,347
	G105	Automated Vehicle Location System for Buses	0	236,517	1,318,370	-	1,554,887
	G240	Additional Fare Vending Machines/Spares	0	39,825	1,110,175	50,000	1,200,000
	T003	Google Transit Trip Planner	0	42,000	101,596	-	143,596
Transit Technologies Program Total				3,771,763	3,285,617	707,757	7,765,137
Transit Security & Safety							
	R165	Ahern/12th Street Improvements	0	156,924	63,077	-	220,000
	B133	Bus Lot Improvements	0	-	320,000	320,000	640,000
	T001	LRV Video Surveillance System Upgrade	0	-	200,000	325,350	525,350
	H022	Messaging Signs - LRT Stations	I	-	846,927	-	846,927
	H023	Rail Infrastructure Hardening	I	-	284,909	-	284,909
Transit Security & Safety Total				156,924	1,714,913	645,350	2,517,186
Planning / Studies							
	0580	Comprehensive Operational Analysis Study	0	325	531,084	25,000	556,408
	PD09	Professional Development for RT Planning Staff	0	26,389	16,686	-	43,074
Planning / Studies Total				26,713	547,769	25,000	599,482
Other Programs							
	G230	Certificates of Participation Payments	I	14,705,428	2,077,783	6,239,314	23,022,525
Other Program Total				14,705,428	2,077,783	6,239,314	23,022,525
Total				\$ 434,817,820	\$ 96,394,279	\$ 1,530,177,626	\$ 2,061,389,726

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

* All project expenditures are subject to available funding.



FY 2012 Preliminary Budget Proposal

**RT Board of Directors
May 23, 2011**

Operating Revenue By Funding Source

(Dollars in Thousands)

	FY 2009	FY 2010	FY 2011	FY 2011	FY 2012	FY 2012 Budget to FY 2011 Forecast	
	Actual	Actuals	Budget	Forecast	Budget	Variance	Percent
Carryover-prior year	\$ -	\$ -	\$ -	\$ 1,556	\$ 1,220	\$ (336)	(21.6%)
Federal	30,309	30,914	21,236	22,236	24,215	1,979	8.9%
State & Local	70,725	58,134	57,358	60,011	64,986	4,975	8.3%
Fares	32,571	30,864	29,801	29,801	30,877	1,076	3.6%
Contracted Services	4,311	4,599	4,466	4,738	4,506	(232)	(4.9%)
Other	3,409	2,962	4,195	4,095	3,445	(650)	(15.9%)
Total Revenue	\$ 141,325	\$ 127,473	\$ 117,056	\$ 122,437	\$ 129,249	\$ 6,812	5.6%
Reserve	-	-	-	-	(5,592)	(5,592)	n/a
Operating Revenue	\$ 141,325	\$ 127,473	\$ 117,056	\$ 122,437	\$ 123,657	\$ 1,220	1.0%

Operating Expenses By Expense Category

(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Actuals	FY 2011 Budget	FY 2011 Forecast	FY 2012 Budget	FY 2012 Budget to FY 2011 Forecast Variance	Percent
Salaries & Benefits	\$ 89,845	\$ 90,548	\$ 78,040	\$ 79,537	\$ 80,449	\$ 912	1.1%
Professional Services	25,643	22,511	19,115	19,088	19,569	481	2.5%
Materials & Supplies	9,848	9,128	7,490	7,469	7,643	174	2.3%
Utilities	5,545	5,531	5,638	5,791	5,986	195	3.4%
Insurance & Liability	7,104	2,286	6,421	7,754	8,073	319	4.1%
Other Expenses	2,054	1,728	1,908	1,578	1,937	359	22.7%
Expense	\$ 140,039	\$ 131,732	\$ 118,612	\$ 121,217	\$ 123,657	\$ 2,440	2.0%
FY 2010 Carryover			(1,556)				
Total Expenses	\$ 140,039	\$ 131,732	\$ 117,056	\$ 121,217	\$ 123,657	\$ 2,440	2.0%

Revenue and Expenditure Summary

Category	2011	2011	2012
	Amended Budget	Year-End Projections	Preliminary Budget
Prior Year Carryover:	\$ 1,555,869	\$ 1,555,869	\$ 1,220,299
Total Revenues:	117,056,114	120,881,294	128,029,472
Expenditures:			
Labor/Fringe	78,039,538	79,536,829	80,449,368
Non-Labor	40,572,445	41,680,035	43,208,090
Total Expenditures:	118,611,983	121,216,864	123,657,458
Balance Available for Carryover/Reserves	\$ -	\$ 1,220,299	\$ 5,592,313

Potential Costs Savings or Revenue Enhancements

Sales tax growth of 1% over current projections	\$ 581,000
Fare revenue increase of 1% over current projections	300,000
Labor vacancy factor increase of 1%	500,000
Potential increase in available balance	\$ 1,381,000

Restoring Light Rail Service Cost Estimates

	Six Months	Annual
Restoring Night Light Rail Service	\$ 510,000	\$1,020,000
Restoring Weekend Light Rail Service	315,000	630,000
Total projected costs	\$ 825,000	\$1,650,000

FY 2012 Capital Funding Plan

(Dollars in Thousands)

Potential New Funding

System Expansion	\$ 28,192	78.6%
Infrastructure	3,515	9.8%
Facilities	719	2.0%
Transit Technologies	1,132	3.2%
Planning & Studies	205	0.6%
Other Programs	2,108	5.9%
Total	\$ 35,871	100%



Next Steps

June 27

RT Board of Directors Meeting

- Continue Public Hearing and Board Adoption