

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
24	05/14/12	Open	Action	05/07/12

Subject: Accepting Public Comment on Proposed FY 2013 Budget

ISSUE

Accept public comment on Proposed FY 2013 Budget.

RECOMMENDED ACTION

- A. Accept Public Comment on the Proposed FY 2013 Budget; and
- B. Motion: To Continue the Public Hearing to June 25, 2012

FISCAL IMPACT

None as a result of this public hearing.

DISCUSSION

The Proposed Fiscal 2013 Operating and Capital Budgets were released for public review on April 9, 2012. The public hearing notice was published in the **Sacramento Bee**. Through this process, the public is offered an opportunity to express opinions regarding the proposed FY 2013 Budgets (Attachment 1). As of this date, no emails, calls or letters have been received asking questions or providing comment on the budgets. Staff will report any additional public comment or inquiries received between Board meetings on June 25, 2012, when, following the next period for public comment, staff will recommend that the Board close the public hearing and adopt the FY 2013 Operating and Capital budgets.

As staff continues to monitor revenues and refine expenditure projections, one matter previously discussed in the risk analysis as pending has been resolved that will have a favorable affect on the proposed FY 2013 Operating Budget that was released for the 60-day public review. The Retirement Boards met on Tuesday, May 1st, and took action to change the assumptions used in the 2011 Actuarial Valuation Report that was previously adopted on March 14th. The assumptions that were changed related only to the expected average percentage return on investments and inflation rate. Staff had previously reported that potential expenditure savings of \$1.3 million may be realized from a change in the assumptions, however, the Retirement Boards did not return the investment and inflation rates to the level in the prior year report. The action taken was a modification of staff's recommendation that will result in expenditure savings in the Preliminary FY 2013 Operating Budget of \$665,927. The change will be reflected in the final budget document presented for adoption on June 25th. The effect of the change can be seen in Table 3, where the amount has been revised.

Approved:

Presented:

Final 5/7/12

General Manager/CEO

Chief Financial Officer

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OPERATING REVENUES

Table 1 provides actual revenues for FY 2010 and FY 2011 as well as the revised FY 2012 Operating Budget and preliminary operating revenues for FY 2013. The table also provides the change in the FY 2013 Preliminary Operating Budget over the FY 2012 Budget with total dollars and percentage changes. Detailed descriptions for key revenues and assumptions are included in Attachment 1, the FY 2013 Abridged Budget on pages 12 to 14. The numbers have not changed since the last Board presentation.

Table 1
Sacramento Regional Transit District
FY 2013 Operating Revenue Comparison
(Dollars in thousands)

	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2013 to FY 2012 Amount Percent	
Fare Revenue	\$ 30,864	\$ 28,967	\$ 29,518	\$ 30,965	\$ 1,447	4.9%
Contract Services	4,599	4,362	5,194	5,651	457	8.8%
Other	2,962	5,621	3,245	3,245	-	0.0%
State & Local	58,134	58,109	69,596	73,245	3,649	5.2%
Federal	30,914	23,331	24,215	25,684	1,469	6.1%
Carryover	-	-	(379)	-		
Total	\$ 127,473	\$ 120,390	\$ 131,389	\$ 138,790	\$ 7,401	5.6%
Reserve			\$ (4,725)	\$ (3,620)		
Operating Revenue	\$ 127,473	\$ 120,390	\$ 126,664	\$ 135,170	\$ 8,506	6.7%

OPERATING EXPENDITURES

Table 2 provides actual expenditures for FY 2010 and FY 2011 as well as the revised FY 2012 Budget and the preliminary FY 2013 Budget; which includes the change in the FY 2013 Preliminary Operating Budget over the FY 2012 Operating Budget with total dollars and percentage changes. Detailed descriptions for key expenditures categories and assumptions are included in Attachment 1, the FY 2013 Abridged Budget on pages 15 to 17. The numbers have not changed since the last Board presentation.

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Table 2
Sacramento Regional Transit District
FY 2013 Operating Expenditure Comparison
(Dollars in thousands)

	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2013 to FY 2012	
					Amount	Percent
Salaries & Benefits	\$ 90,548	\$ 78,690	\$ 81,494	\$ 87,298	\$ 5,804	7.1%
Professional Services	22,511	20,069	21,702	22,636	934	4.3%
Materials & Supplies	9,128	7,915	7,670	8,601	931	12.1%
Utilities	5,531	5,741	5,986	6,431	445	7.4%
Insurance & Liability	2,286	6,540	7,891	8,063	172	2.2%
Other	1,728	1,790	1,921	2,141	220	11.5%
Total Expenses	\$ 131,732	\$ 120,746	\$ 126,664	\$ 135,170	\$ 8,506	6.7%

Table 3
Sacramento Regional Transit District
FY 2013 Operating Budget Summary
(Dollars in thousands)

Categories	FY 2012 Revised Budget	FY 2013 Budget	% change
Revenues	\$ 131,388,855	\$ 138,789,786	5.6%
Expenses			
Labor	81,493,669	87,298,111	7.1%
Non-labor	34,208,970	36,025,719	5.3%
Paratransit	10,961,292	11,846,463	8.1%
Total cost	126,663,931	135,170,293	6.7%
Budgeted Reserve	\$ 4,724,924	\$ 3,619,493	
Budgeted Cumulative Reserve	\$ 4,724,924	\$ 8,344,417	
Other potential factors:			
Revenues			
CNG tax rebate elimination	(600,000)	(1,200,000)	
State STA increase	509,648		
Federal 5307 increase	969,460		
Local Measure A	447,281		
Local LTF	592,807	625,411	
Expenses			
Pension cost reduction		(665,927)	
Projected Reserve	\$ 6,644,120	\$ 3,710,831	
Projected Cumulative Reserve	\$ 6,644,120	\$ 10,354,951	

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FINANCIAL FORECAST FOR OPERATIONS

Table 4 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 2013, as the base for future year projections up to FY 2017. The expense forecast reflects the service level changes noted below the tables and adjustments for inflation.

Table 4
Revenue and Expense Forecast
(Dollars in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<u>Operating Revenues</u>					
Fare Revenue	\$ 30,965	\$ 32,706	\$ 39,338	\$ 42,947	\$ 46,118
Contract Services	5,651	5,934	6,234	6,549	6,883
Other	3,245	3,324	3,445	3,537	3,948
State & Local	73,244	75,158	79,352	82,284	84,825
Federal	25,684	27,029	28,380	33,246	34,808
Total Operating Revenues	\$ 138,790	\$ 144,151	\$ 156,750	\$ 168,563	\$ 176,583
<u>Operating Expenses</u>					
Salaries & Benefits	\$ 87,298	\$ 92,360	\$ 98,354	\$ 105,534	\$ 112,197
Professional Services	22,636	23,949	25,503	27,364	29,092
Materials & Supplies	8,601	9,100	9,690	10,398	11,054
Utilities	6,431	6,804	7,245	7,774	8,265
Insurance & Liability	8,063	8,531	9,084	9,747	10,363
Other	2,141	2,265	2,412	2,588	2,752
Total Operating Expenses	\$ 135,169	\$ 143,007	\$ 152,287	\$ 163,405	\$ 173,722
Reserve	3,621	1,144	4,463	5,158	2,861
Cumulative Reserve	\$ 8,346	\$ 9,490	\$ 13,953	\$ 19,111	\$ 21,715
Target Reserve Based on 1.5-month FTA reserve requirement	\$ 16,896	\$ 17,876	\$ 19,036	\$ 20,426	\$ 21,715

**Service Plan
(Revenue Hours)**

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Fixed Route Bus	499,793	514,295	537,374	555,359	570,525
Community Bus Service	25,227	33,122	39,442	40,416	43,379
Light Rail	221,475	223,247	225,033	243,576	255,754

Assumptions

FY 2013 is a full year of North Natomas and Granite Park shuttle services
FY 2013 is a full year of Green Line phase I and 8th train operations

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South Line Phase 2 starts on June 1, 2015

RISK ANALYSIS

One area of continuing concern is the CNG tax rebate, which is included in both the Revised FY 2012 Operating Budget (\$600,000) and is assumed in the FY 2013 Preliminary Base Operating Budget (\$1.2 million). Continuation of the CNG tax rebate seems increasingly less likely given the current political climate at the national level. If no action is taken by congress to restore the rebate by June, 2012, staff will adjust the FY 2012 Operating Budget by \$600,000 and the FY 2013 Preliminary Operating Budget by \$1.2 million to take it out of the revenue projections.

An additional area of exposure remains with regard to the sales tax projections assumed in the FY 2013 Preliminary Operating Budget. Growth in Measure A in FY 2013 is based on a projection of 5.5% adopted by the Sacramento Transportation Authority on April 12, 2012. Actual sales tax receipts to date for FY 2012 through, show a rolling average of sales tax growth of 5.66%, and the current year to date sales tax growth for FY 2012 through April 2012 (July 2011 to April 2012) of 6.3%. If this projection proves to be too optimistic, the level of sales tax revenue in the budget will not be realized.

Determining the level of State Transit Assistance to use to calculate RT's share of statewide STA revenue remains a continuing concern. It is largely dependent on the sales tax on Diesel fuel and the price of Diesel fuel has fluctuated significantly over time. The FY 2013 Preliminary Operating Budget projection for STA is currently based on \$420 million, the level used in the FY 2013 State budget. If the Governor's May Revise Budget uses a lower level, a recommendation to change this projection will be brought to the Board on June 25th.

CAPITAL BUDGET

The potential new capital funding for the FY 2013 is outlined below in Table 5. Details on the capital budget and explanations of project categories are included on pages 20 to 21 in Attachment 1, the FY 2013 Abridged Budget.

Table 5
Capital Improvements By Category
(In Thousands)

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
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Category	FY 2013	
	Proposed	
System Expansion	\$ 123,080	80.3%
Fleet	24,835	16.2%
Infrastructure	827	0.5%
Facilities	625	0.4%
Transit Technologies	85	0.1%
Transit Security & Safety	1,666	1.1%
Other Programs	2,079	1.4%
Total	\$ 153,197	100%

FUTURE BUDGET EVENTS:

June 25, 2012 - Continue Public Hearing and Board Adoption

July 1, 2012 - Start of the new fiscal year



Sacramento Regional Transit District

**Abridged Budget
Fiscal Year 2012-2013**

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Board of Directors

Bonnie Pannell, Chair
City of Sacramento

Pat Hume, Vice Chair
City of Elk Grove

Don Nottoli
County of Sacramento

Steve Miller
City of Citrus Heights

Steve Cohn
City of Sacramento

Phil Serna
County of Sacramento

Jay Schenirer
City of Sacramento

Darrell Fong
City of Sacramento

Roberta MacGlashan
County of Sacramento

Andy Morin
City of Folsom

Linda Budge
City of Rancho Cordova

Board of Directors Alternates

Steve Detrick
City of Elk Grove

David Sander
City of Rancho Cordova

Jeff Slowey
City of Citrus Heights

Executive Team

Mike Wiley
General Manager/CEO

Bruce Behrens
Chief Counsel

Dee Brookshire
Chief Financial Officer

RoseMary Covington
Assistant General Manager of Planning and Transit System Development

Dan Bailey
Chief Administrative Officer/EEO Officer

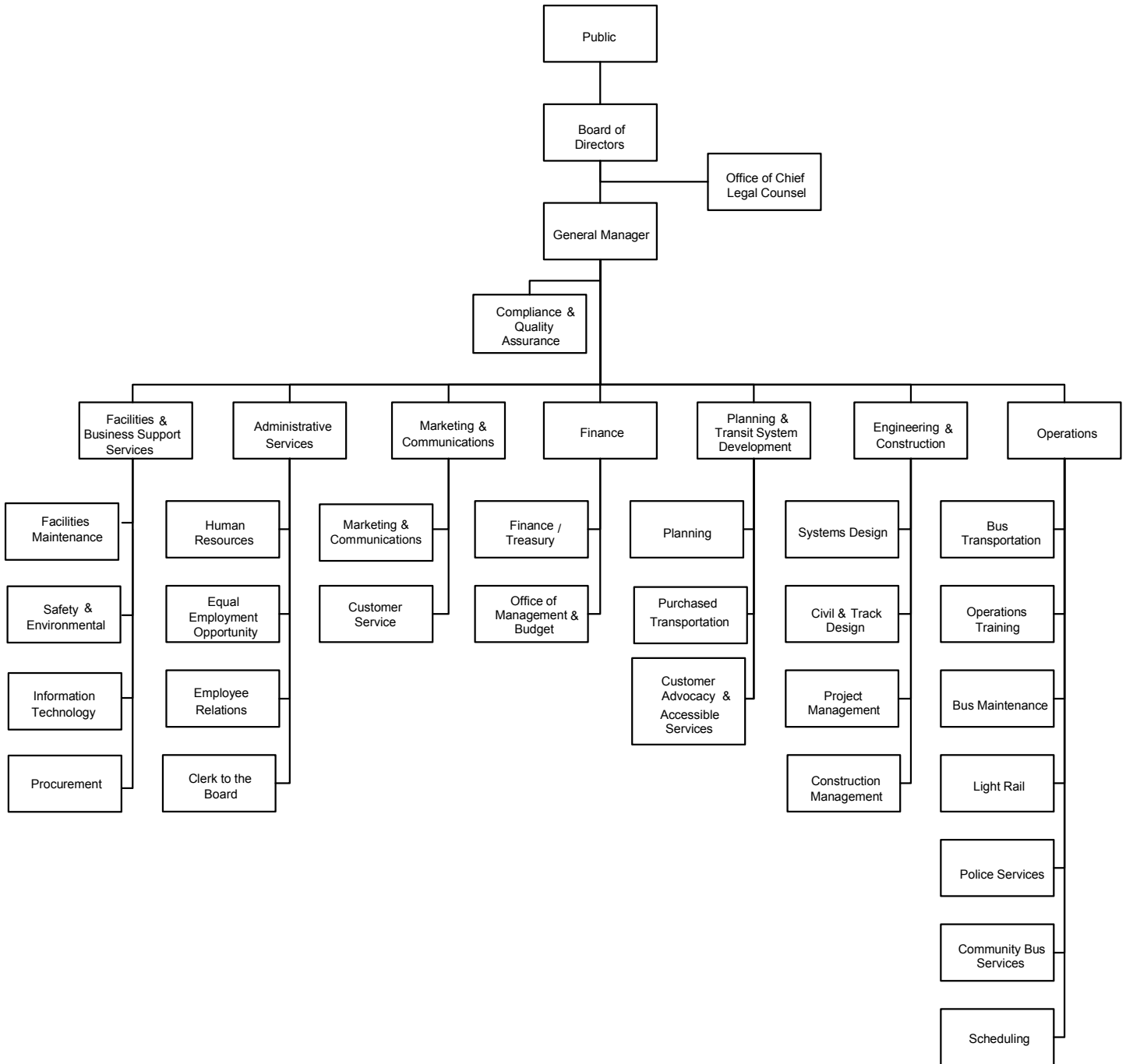
Mark Lonergan
Chief Operating Officer

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

Sacramento Regional Transit District	Constructs, operates, and maintains a comprehensive mass transportation system that serves 418 square miles in Sacramento County
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Bus Service	
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	14,010,000

Light Rail Service	
Power	Electrical
Miles	36.89
Schedule	3:50 am to 10:38 pm daily
Stops	48
Vehicles	76
Annual Ridership	13,124,000

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

* Total Fleet

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'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 be 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

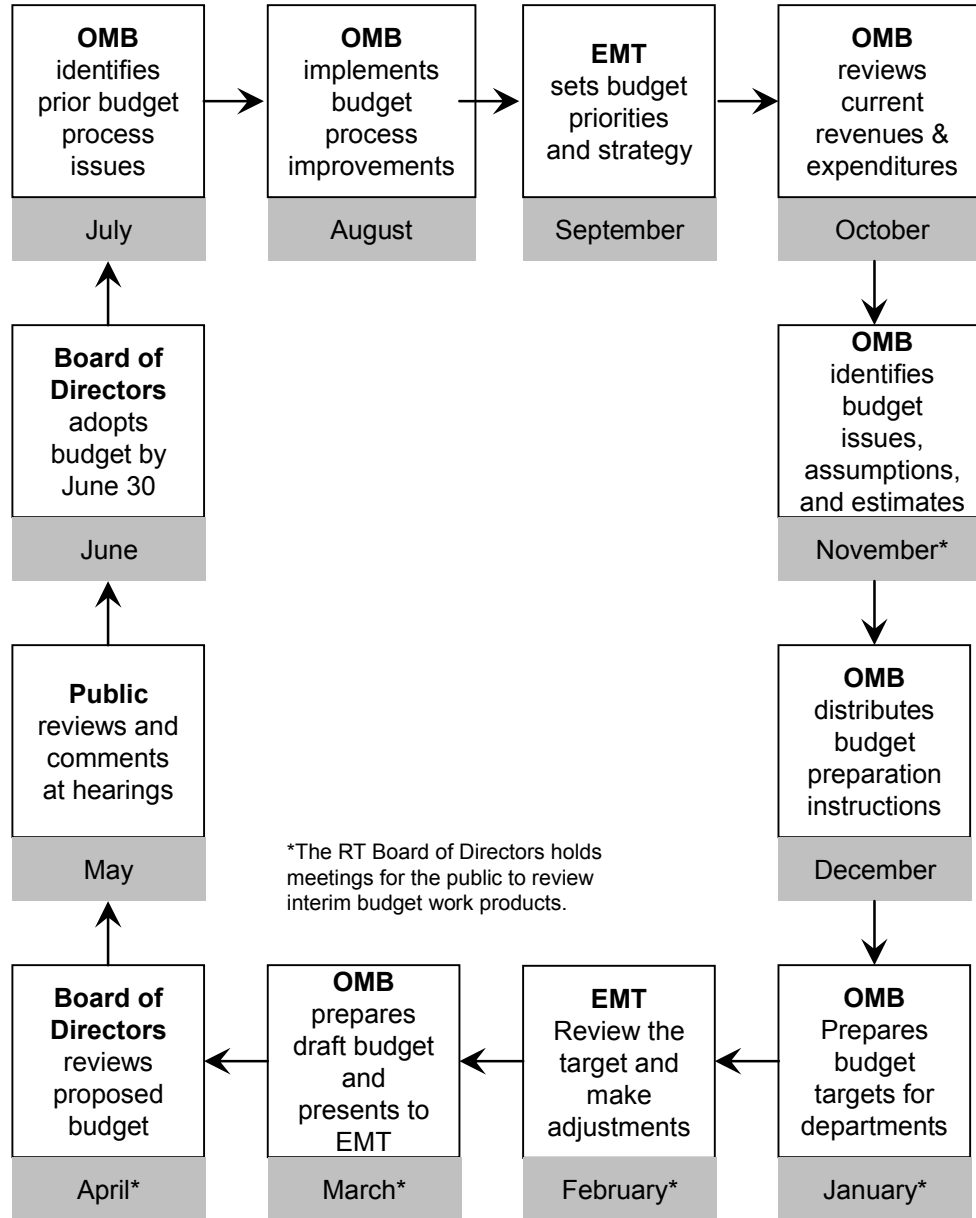
Our Goals

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 2012 and for FY 2013 is shown in the table below. A detailed FY 2013 Schedule of Weighted Voting is shown on the next page.

Vote Shares By Jurisdiction

Jurisdiction	Status	Shares - FY 2012 Budget	Shares – FY 2013 Proposed
County of Sacramento	Annex	42	41
City of Sacramento	Annex	38	36
City of Rancho Cordova	Annex	9	9
City of Citrus Heights	Contract	5	6
City of Elk Grove	Contract	3	4
City of Folsom	Contract	3	4
Total		100	100

Voting System, cont.

Fiscal Year 2013 Schedule of Weighted Voting Distribution
Base Values*

<u>Federal Financial Information</u>								
Code Section:	<u>FY 12 Federal Funds Available in the Sacramento MSA</u>							30,067,970
102205(b)(6)								
102205(b)(7)	<u>Allocation of Federal Funds to jurisdictions other than RT</u>							4,383,744
102205(b)(8)	<u>FY 12 Federal Funds Available for use in RT Service Area:</u>							25,684,226
<u>Jurisdiction Specific Values</u>								
	<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>	469,566	558,061	65,502	83,618	72,439	154,594	1,403,780
	<u>Proportionate Population:</u>	33.45%	39.75%	4.67%	5.96%	5.16%	11.01%	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>	8,591,403	10,210,549	1,198,456	1,529,915	1,325,378	2,828,525	25,684,226
102105.1(d)(2)(D)								
102105.1(d)(2)(A), 102205(b)(3)	<u>FY 13 State TDA Funds Made Available to RT:</u>	15,513,345	17,564,336	2,164,030	0	0	0	35,241,711
102105.1(d)(2)(B), 102205(b)(4)	<u>FY 13 Funds Provided Under Contract:</u>	0	0	0	2,886,663	1,856,551	215,000	4,958,214
102105.1(d)(2)(C), 102205(b)(5)	<u>FY 13 Other Local Funds</u>	0	0	0	0	0	0	0
102105.1(d)(2)	<u>Total Financial Contribution:</u>	24,104,748	27,774,885	3,362,486	4,416,578	3,181,929	3,043,525	65,884,151
102105.1(d)(2)	<u>Proportionate Financial Contribution:</u>	36.59%	42.16%	5.10%	6.70%	4.83%	4.62%	100.00%
<u>Voting Calculation</u>								
	<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>	31.0986	35.8336	4.3381	5.6980	4.1051	3.9266	85.0000
102105.1(d)(3)	<u>Total Shares:</u>	36.0986	40.8336	9.3381	5.6980	4.1051	3.9266	100.0000
102105.1(d)(4)(i)	<u>Shares After Rounding:</u>	36	41	9	6	4	4	100
102105.1(d)(4)(i), 102105.1(d)(4)(ii)	<u>Share Adjustment (To Ensure 100 Shares):</u>	36	41	9	6	4	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	4	4	
	Member 2	9	14	9	6	4	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>	36	41	9	6	4	4	100

* In addition to the funding sources set forth below, RT projects following funds for operating purposes: \$33,143,231 - Measure A

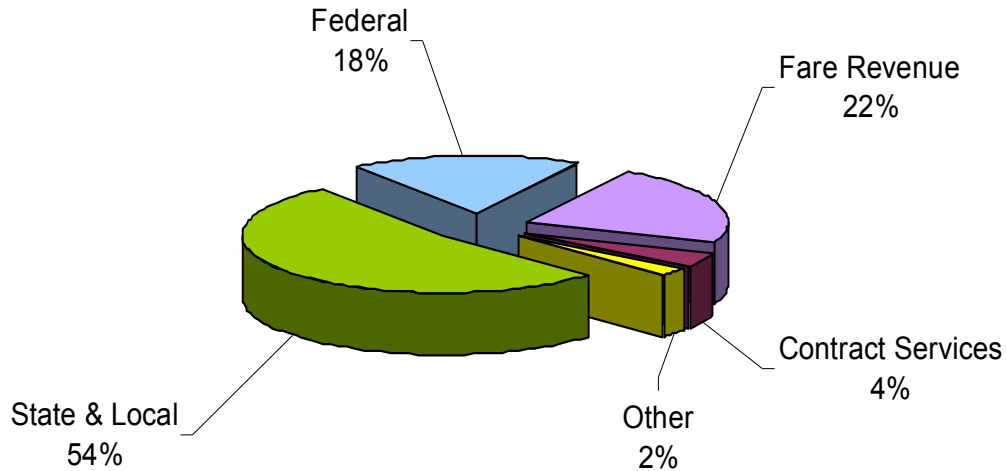
** Population as measured by the population statistics used by SACOG to allocate TDA funds for the same fiscal year for which the budget is adopted.

*** 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 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2013 to FY 2012 Amount	FY 2013 to FY 2012 Percent
Fare Revenue	\$ 30,864	\$ 28,967	\$ 29,518	\$ 30,965	\$ 1,447	4.9%
Contract Services	4,599	4,362	5,194	5,651	457	8.8%
Other	2,962	5,621	3,245	3,245	-	0.0%
State & Local	58,134	58,109	69,595	73,245	3,650	5.2%
Federal	30,914	23,331	24,215	25,684	1,469	6.1%
Carryover	-	-	(379)	-		
Total	\$ 127,473	\$ 120,390	\$ 131,388	\$ 138,790	\$ 7,402	5.6%
Reserve			\$ (4,725)	\$ (3,620)		
Operating Revenue	\$ 127,473	\$ 120,390	\$ 126,663	\$ 135,170	\$ 7,402	5.8%

Revenue cont.

Fare Revenue

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

- The FY 2013 Preliminary Budget proposes \$31.0 million in Fare revenue, an increase of \$1.4 million (4.9%) from the FY 2012 Revised Budget (\$29.5 million).
- This reflects a slight increase in ridership projections due to a full year of Green Line and 8th train operation.
- This includes Fare Revenue estimates associated with Phase I Transit Renewal service changes.

Contracted Services

This category includes contracts with the cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, Granite Park and North Natomas shuttle services. These cities purchase RT transit services.

- The FY 2013 Preliminary Budget proposes \$5.7 million in Contracted Services revenue, an increase of \$0.5 million (8.8%) from the FY 2012 Revised Budget (\$5.2 million).
- This reflects a full year of Granite Park and North Natomas shuttle service operations.
- This also reflects increase in Folsom contract due to catch-up provision for the prior year.
- This also includes increase in Citrus Heights due to an increase in LTF projections.

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 2013 Preliminary Budget proposes \$3.2 million in other revenue, no change from FY 2012 Revised Budget.
- This includes a full year of CNG tax rebate of \$1.2 million.

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 2013 Preliminary Budget proposes \$73.2 million in state and local funding revenue, an increase of \$3.7 million (5.2%) from the FY 2012 Revised Budget of \$69.6 million.
- This reflects a 5.5% increase in sales tax growth estimates for Measure A and LTF revenues from FY 2012 year-end projections.
- This also reflects an increase in STA funding of 5.3% based on \$420 million state-wide allocation.

Revenues, cont.

Federal Funding

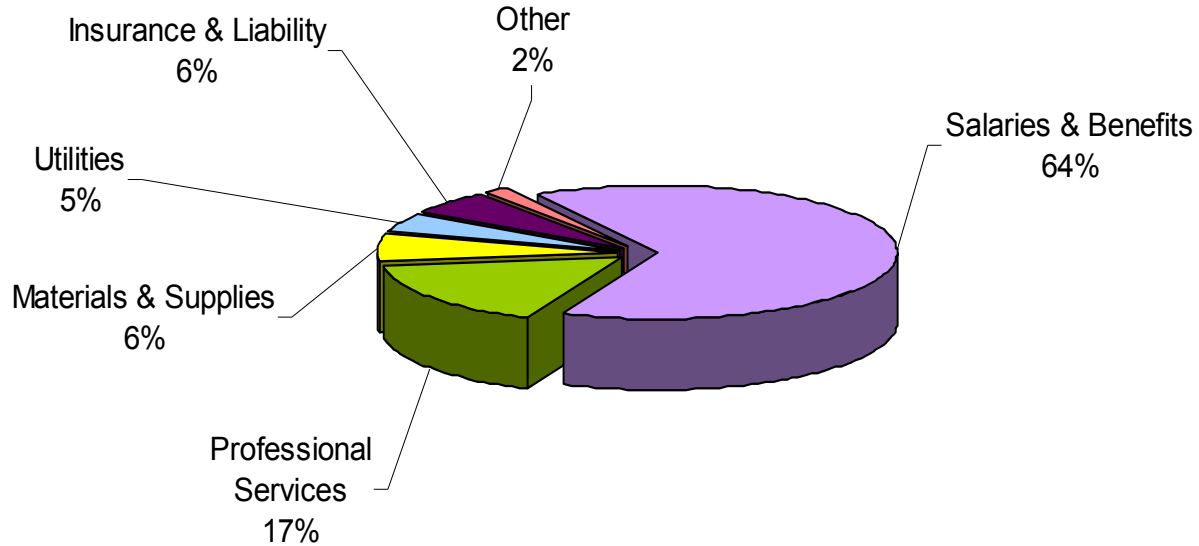
This category includes formula-based allocations to RT from the federal government. Each year Congress authorizes the appropriation and the Federal Transit Administration allocates the dollars to RT. RT can use the funds for operating, planning, and capital, subject to specific regulations.

- The FY 2013 Preliminary Budget proposes \$25.6 million in federal funding, an increase of \$1.5 million (6.1%) from the FY 2012 Revised Budget of \$24.2 million.
- Section 5307 Urbanized Area federal funding is projected to increase by \$1.0 million due to higher allocation to RT.

Expenses

Operating Expenses by Expense Category

(Dollars in Thousands)



	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2013 to FY 2012 Amount	Percent
Salaries & Benefits	\$ 90,548	\$ 78,690	\$ 81,494	\$ 87,298	\$ 5,804	7.1%
Professional Services	22,511	20,069	21,702	22,636	934	4.3%
Materials & Supplies	9,128	7,915	7,670	8,601	931	12.1%
Utilities	5,531	5,741	5,986	6,431	445	7.4%
Insurance & Liability	2,286	6,540	7,891	8,063	172	2.2%
Other	1,728	1,790	1,921	2,141	220	11.5%
Total Expenses	\$ 131,732	\$ 120,746	\$ 126,664	\$ 135,170	\$ 8,506	6.7%

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 2013 Preliminary Budget proposes \$87.3 million for salaries and benefits, an increase of \$5.8 million (7.1%) from the FY 2012 Revised Budget (\$87.3 million).
- Labor increased by \$2.9 million (6.2%) from the FY 2012 Revised Budget (\$47.1 million).
- Fringe Benefits increased by \$4.5 million (11.8%) from the FY 2012 Revised Budget (\$38.4 million). This reflects a \$2.9 million (23.3%) increase in pension costs and a \$0.6 million increase in Medical cost. Capital recovery and indirect costs have increased by \$1.6 million over FY 2012 Revised Budget. This represents labor charged to capital projects, which reduces the operating budget labor costs.
- The Fiscal Year 2013 Preliminary Budget includes 984 Board authorized positions, an increase of 33 positions from the Fiscal Year 2012 Revised Budget (951 positions). 23 positions in FY 2013 Preliminary Budget are related to Phase 1 TransitRenewal. All 984 authorized positions are fully or partially funded in the FY 2013 Preliminary 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 2013 Preliminary Budget proposes \$22.6 million for Professional Services, an increase of \$0.9 million (4.3%) from the FY 2012 Revised Budget of \$21.7 million.
- This reflects an increase in purchased transportation (Paratransit) of \$0.9 million. Out of \$0.9 million increase in cost, \$0.3 million are related to Phase I TransitRenewal.
- This includes an increase of \$0.3 million for Phase I Transit Renewal security services.
- This also includes a reduction of \$0.2 million in outside services.

Materials & 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 2013 Preliminary Budget proposes \$8.6 million for materials and supplies, an increase of \$0.9 million (12.1%) from the FY 2012 Revised Budget of \$7.7 million.
- This includes \$0.2 million in Phase I operating cost for materials and supplies.
- This reflects an increase in fuel costs, and bus, light rail and fare vending machine parts.

Expenses, cont.

Utilities

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

- The FY 2013 Preliminary Budget proposes \$6.4 million for Utilities, an increase of \$0.4 million (7.4%) from the FY 2012 Revised Budget (\$6.0 million).
- This reflects an increase in Light Rail Traction costs due to Kwh rate change and a full year of Green Line and 8th train operations.
- This includes \$0.14 million in Phase I TransitRenewal related costs.

Insurance & 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 2013 Preliminary Budget proposes \$8.1 million for casualty and liability insurance, an increase of \$0.2 million (2.2%) from the FY 2012 Revised Budget (\$7.9 million).
- This reflects an increase in Excess Liability Premium of \$0.2 million.

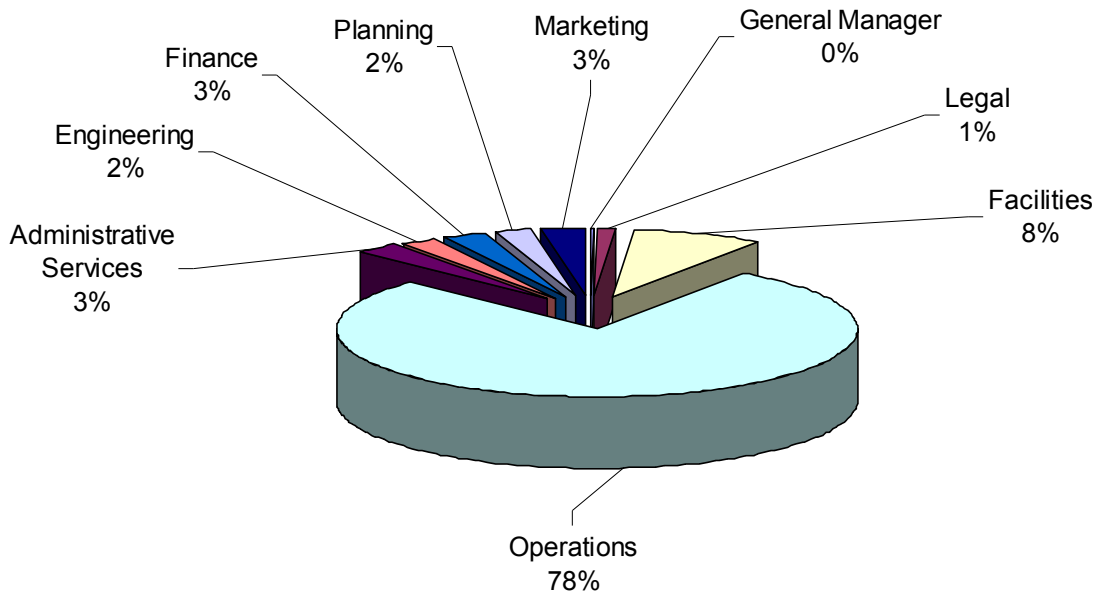
Other

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 FY 2013 Preliminary Budget proposes \$2.1 million for other expenditures, an increase of \$0.2 million (11.5%) from the FY 2012 Revised Budget (\$1.9 million).
- This reflects an increase of \$0.1 million in General Manager's Contingency.
- This includes \$0.1 million for Rodeo competitions.

Positions

The Fiscal Year 2013 Preliminary Budget proposes 984 Board authorized positions, an increase of 33 positions from the Fiscal Year 2012 Revised Budget (951 positions). Out of 984 authorized positions, 23 positions are related to Phase I TransitRenewal. All authorized positions are fully or partially funded in the FY 2013 Preliminary Budget.



Division	FY 2010 Funded	FY 2011 Funded	FY 2012 Funded	FY 2012 Authorized	FY 2013 Funded
General Manager	2	2	2	3	3
Legal	9	10	10	10	10
Facilities	90	73	74	75	81
Operations	870	719	734	741	765
Administrative Services	25	22	23	24	26
Engineering	34	24	21	22	22
Finance	29	25	26	27	27
Planning	35	21	21	22	23
Marketing	35	26	26	27	27
Total	1,129	922	937	951	984

Capital Improvement Plan

This following table represents the Capital Budget spending plan for the FY 2013 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 2013 and 2017, and beyond to 2043.

The FY 2013 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:

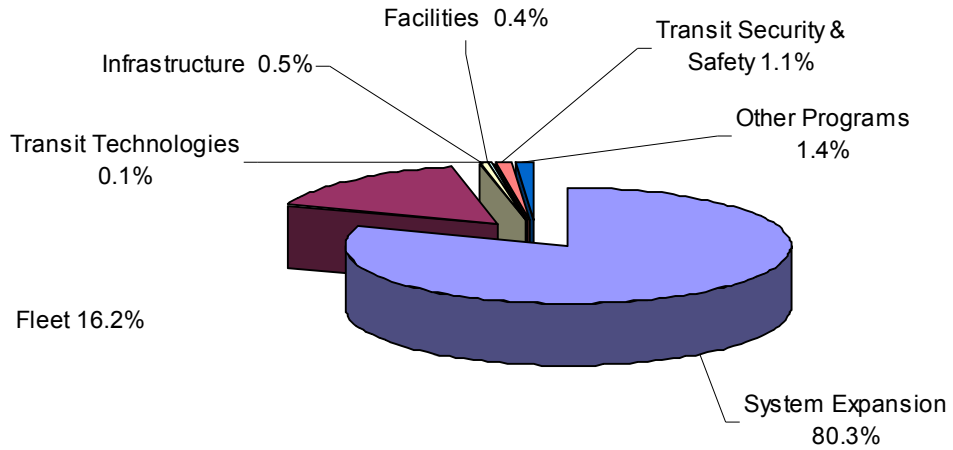
- Light Rail Station Video Surveillance and Recording System
- Connect Card Light Rail Platform Preparations

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 2013	
	Proposed	
System Expansion	\$ 123,080	80.3%
Fleet	24,835	16.2%
Infrastructure	827	0.5%
Facilities	625	0.4%
Transit Technologies	85	0.1%
Transit Security & Safety	1,666	1.1%
Other Programs	2,079	1.4%
Total	\$ 153,197	100%

Capital Improvement FY 2013 Funding Additions

Program	Project Name	Tier	Funded Through FY 2012	FY 2013 Budget Funding	Future Funding Additions	Total Project Cost Through FY 2043
System Expansion Programs						
402	Green Line Light Rail Extension	I	\$ 20,572,590	\$ 640,000	\$ 1,080,896,410	\$ 1,102,109,000
410	Blue Line to Cosumnes River College	I	80,965,350	120,805,984	68,228,666	270,000,000
F	Amtrak/Folsom Light Rail Extension	I	268,134,206	278,851	-	268,413,057
S010	South Loop Streetcar Phase I & II	IV	-	1,355,000	218,558,127	219,913,127
System Expansion Total			369,672,146	123,079,835	1,367,683,203	1,860,435,184
Fleet Programs						
B040	Neighborhood Ride Vehicle Replacement (Gasoline)	II	2,078,409	500,000	17,702,207	20,280,616
B100	CNG Existing Bus Fleet Replacement (2013 - 2042)	II	6,250,000	9,375,000	378,973,842	394,598,842
G225	Non-Revenue Vehicle Replacement	I	1,378,940	4,423,044	35,135,335	40,937,319
R085	UTDC LR Vehicle Retrofit and Mid Life Refurbishment	I	13,380,539	10,536,687	-	23,917,226
Fleet Program Total			23,087,888	24,834,731	431,811,384	479,734,003
Infrastructure Programs						
4017	Bus Stop Improvement Program	I	286,883	180,000	4,861,922	5,328,805
R255	Richards Blvd/12th & 16th St Grade Xing	0	1,185,601	647,202	-	1,832,803
Infrastructure Program Total			1,472,484	827,202	4,861,922	7,161,608
Facilities Programs						
F015	Facilities New Freedom-Add Mini-Hi's to Light Rail Station	0	-	625,000	-	625,000
Facilities Program Total			-	625,000	-	625,000
Transit Technologies Programs						
T003	Google Transit Trip Planner	0	47,747	84,855	10,994	143,596
Transit Technologies Program Total			47,747	84,855	10,994	143,596
Transit Security & Safety						
T005	CPUC General Order 172 - LRV Camera	0	-	305,482	-	305,482
T006	LRV System AVL Equipment	0	-	401,025	-	401,025
T007	Rail Infrastructure Hardening, Surveillance and Monitoring #2	0	-	317,000	-	317,000
T008	Completion Fiber Optics Communications Backbone	0	-	417,900	-	417,900
T009	Data Center Redundancy & Reliability	0	-	53,709	-	53,709
T010	Light Rail Facility Hardening	0	-	170,784	-	170,784
Transit Security & Safety Total			-	1,665,900	-	1,665,900
Other Programs						
G230	Certificates of Participation Payments	I	16,783,213	2,079,062	4,160,250	23,022,525
Other Programs Total			16,783,213	2,079,062	4,160,250	23,022,525
Total			\$ 411,063,478	\$ 153,196,585	\$ 1,808,527,753	\$ 2,372,787,816

* All project expenditures are subject to available funding.

Capital Project 2013 Expenditure Plan

Program	Project Name	Tier	Expended Through FY 2012	FY 2013 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2043
System Expansion Programs						
410	Blue Line to Cosumnes River College	I	\$ 56,947,123	\$ 90,000,000	\$ 123,052,877	\$ 270,000,000
230	Northeast Corridor Enhancements (Phase 1)	I	23,451,071	749,984	10,298,946	34,500,000
404	Green Line to the River District (GL-1)	0	48,057,881	942,120	-	49,000,000
402	Green Line Light Rail Extension	I	15,025,145	2,000,000	1,085,083,855	1,102,109,000
F	Amtrak/Folsom Light Rail Extension	I	267,787,147	317,179	308,731	268,413,057
S010	Sacramento-West Sacramento Streetcar Starter Line	IV	-	1,085,000	218,828,127	219,913,127
System Expansion Total			411,268,366	95,094,283	1,437,572,536	1,943,935,184
Fleet Programs						
651	Siemens Light Rail Vehicle Mid-Life Overhaul	0	7,198,425	1,388,944	1,359,043	9,946,412
G225	Non-Revenue Vehicle Replacement	I	763,690	1,702,683	38,470,947	40,937,319
R001	CAF Light Rail Vehicle Painting	0	-	447,500	547,500	995,000
R085	UTDC Light Rail Vehicle Retrofit and Mid Life Refurbishment	I	1,632,282	6,646,338	15,638,607	23,917,226
R110	Siemens E & H Ramp Replacement	0	117	660,000	659,883	1,320,000
R320	Light Rail Bucket & Platform Trucks	0	86	250,000	124,915	375,000
Fleet Program Total			9,594,599	11,095,465	56,800,894	77,490,957
Infrastructure Programs						
G238	Repairs per Biennial Bridge Inspection	II	44,789	111,212	1,721,000	1,877,000
M002	University/65th Street Transit Center Relocation	I	267,484	452,517	2,925,000	3,645,000
R255	Richards Blvd/12th & 16th St Grade Xing	0	422,944	647,202	762,657	1,832,803
R280	Amtrak-Folsom Limited Stop Service	0	235,641	460,477	11,303,882	12,000,000
R321	Sacramento Intermodal Facility High Speed Rail (HSR) Connectivity	0	-	15,295,000	28,405,000	43,700,000
Infrastructure Program Total			970,857	16,966,407	45,117,539	63,054,803
Transit Oriented Development						
0542	Transit Oriented Development at 13th Street LR Station	0	-	37,500	37,500	75,000
0543	Transit Oriented Development at Power Inn LR Station	0	26,300	18,646	30,054	75,000
Transit Oriented Development Total			26,300	56,146	67,554	150,000
Facilities Programs						
4007	ADA Transition Plan Improvements	I	294,757	157,062	5,336,181	5,788,000
4011	Facilities Maintenance & Improvements	I	2,239,856	438,143	18,898,121	21,576,120
645	Major Light Rail Station Enhancements	I	5,184,474	-	43,399,808	48,584,282
715	Bus Maintenance Facility #2 (Phase 1)	I	16,871,407	8,555,229	20,771,701	46,198,337
B017	Citrus Heights Transit Enhancements	II	-	363,450	1,136,550	1,500,000
F011	Facilities New Freedom Tasks-Audible Feature Signal	0	-	257,799	-	257,799
F012	Facilities New Freedom Tasks-DWT's & Guidestrips RT bus loops	0	-	40,000	-	40,000
F013	Facilities New Freedom Tasks-Upgrade Startline Mini-Hi's	0	-	100,000	-	100,000
F015	Facilities New Freedom Tasks-Add Mini-Hi's to Light Rail Stations	0	-	237,070	387,930	625,000
R319	Light Rail Station Rehab Project	0	-	79,500	79,500	159,000
Facilities Program Total			24,590,494	10,228,253	90,009,791	124,828,538
Transit Technologies Programs						
G035	Fiber/50-Fig Installation, Maintenance, & Repair	II	174,335	25,000	278,075	477,410
G240	Additional Fare Vending Machines/Spares	0	386,700	50,000	763,301	1,200,000
T003	Google Transit Trip Planner	0	47,747	84,855	10,994	143,596
Transit Technologies Program Total			608,782	159,855	1,052,370	1,821,006

Capital Project 2013 Expenditure Plan Cont.

Program	Project Name	Tier	Expended Through FY 2012	FY 2013 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2013
Transit Security & Safety						
B133	Bus Lot Improvements	0	66,306	319,900	253,795	640,000
H022	Completing Electronic Messaging Sign Deployment	I	129,122	423,463	294,343	846,927
H023	Rail Infrastructure Hardening, Surveillance and Monitoring #1	I	-	124,455	124,454	248,909
T001	LRV Video Surveillance System Upgrade	0	-	200,000	325,350	525,350
T005	CPUC General Order 172 - LRV Camera	0	-	305,482	-	305,482
T006	LRV System AVL Equipment	0	-	401,025	-	401,025
T007	Rail Infrastructure Hardening, Surveillance and Monitoring #2	0	-	317,000	-	317,000
T008	Completion Fiber Optics Communications Backbone	0	-	417,900	-	417,900
T009	Data Center Redundancy & Reliability	0	-	53,709	-	53,709
T010	Light Rail Facility Hardening	0	-	170,784	-	170,784
Transit Security & Safety Total			195,427	2,733,718	997,941	3,927,086
Other Programs						
4024	General Construction Management Support Services	II	357,303	21,673	3,106,024	3,485,000
4025	General Engineering Support Services	II	313,689	10,030	1,899,970	2,223,689
G230	Certificates of Participation Payments	I	16,783,213	2,079,062	4,160,250	23,022,525
Other Program Total			17,454,205	2,110,765	9,166,244	28,731,214
Total			\$ 464,709,029	\$ 138,444,892	\$ 1,640,784,868	\$ 2,243,938,788

* All project expenditures are subject to available funding.